

JPRS-EER-88-002  
21 NOVEMBER 1988



# ***JPRS Report***

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## **East Europe**

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# East Europe

JPRS-EER-88-098

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## GERMAN DEMOCRATIC REPUBLIC

### Church Official Advocates Reform Policy

AU2710180388 [Editorial report] Frankfurt/Main FRANKFURTER RUNDSCHAU in German of 26 October 1988 on pages 14 and 15, under the headline "The GDR Is Not A Blank Spot on God's Map," carries the 5,300-word "slightly abridged version" of a lecture given by consistory president Manfred Stolpe, deputy chairman of The Federation of Evangelical Churches in the GDR, at Greifswald University "a few weeks ago."

In his lecture, Stolpe presented a survey of the development of relations between the state and the church in the GDR, mentioning various documents, including the 1973 Schwerin Agreement, in which the role of the church under socialism was stipulated. He stressed the importance of dialogue and discussion as adequate instruments for solving disputes. "Dialogue means listening to and soberly assessing the position and possibilities of the other side. Therefore, antagonisms must be clearly described and differences must be pointed out," Stolpe stressed.

Manfred Stolpe emphasized the necessity of jointly tackling the important questions of our time. One of the present-day tasks, he said, is the safeguarding of peace. "Despite initial successes in the reduction of weapons, we must not overlook the fact that the danger of a nuclear war has not been reduced," he stated.

The church official then spoke about the necessity of reform in the GDR, stating: "Christians and churches in the GDR are involved in the social process that is characterized by efforts to change and adhere to social structures. Like all social systems, the GDR is forced to take into account the worldwide scientific, technological, and economic changes, and to incorporate the new level of development of productive forces into the social structure."

"In the sphere of economic policy, we appreciate the efforts to bring about a reconciliation between ensuring socialist production conditions through central planning and the criterion of profitability, which is based on individual responsibility. The positive traditions and developments are values that are worth preserving and expanding."

"The reform policy is facing the problem that basic goals must be reached through individual steps, which must not impede each other, which must not cause irritation and insecurity. In this, the following major points have to be observed:"

1. "The reform policy should describe its goals more clearly and open a dialogue with the citizens. The reform policy should reveal details about the path, the progress, changes, and corrections, so as to facilitate the involvement of the citizens. The leading role of the party can be

better realized by the party's assuming the intellectual leadership of the development and through the convincing description of the goals and methods, instead of taking administrative measures and appointing an extraordinarily high number of leading officials."

2. "The reform policy can start from the premise that informed citizens who are involved in the current problems are able to handle difficulties and are willing to solve them. Openness and transparency lead to commitment. Commitment leads to the willingness to participate in carrying out unpopular changes and can help strengthen a basic positive mood during the process of changes."

3. "An unambiguous and reliable legal system that clearly describes the rights and duties of the citizens and the mechanism by means of which they can enforce them is an important instrument for the citizens' involvement. The application of laws in the judicature and administration should be characterized by the principles of legal security and equality before the law. In this way, the citizens are able to experience the fact that they are not patronized subjects living under a power structure that they cannot influence, but that they are being taken seriously as citizens who participate in shaping their state and can jointly unfold a real people's democracy."

## HUNGARY

### German Article Views Situation as Political Meltdown

23000023c Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Sep 88 p 1

[Article by Georg Paul Hefty: "Hungary Is in the Process of Changing"]

[Text] Hungary is undergoing rapid change. Every day brings new developments in foreign and domestic policy and each change leaves deep imprints on the political landscape. It is too early yet to discern patterns of change because firm objectives have not yet been formulated and what seemed relevant yesterday has only limited applications for today.

Nothing, for example, has remained of the assumption that socialist allies are destined to be good friends. Hungary has decided to stand up to Romania on behalf of the Hungarian minority in Siebenbuergen. North Korea has blasted Budapest as "a traitor to socialism" because Hungary and South Korea have agreed to establish permanent missions in each other's country. Hungary is more interested in expanding its influence internationally than to keep solidarity with allies of little repute. The same attitude stands behind Hungary's intention to take up diplomatic relations with Israel (see the conference of the Jewish World Congress in Budapest). Moscow probably pointed the way but one can safely assume that not much prodding was needed.

In the arena of foreign policy, Hungary maintains its conviction that—given the proper circumstances—Soviet troops will some day leave the country. Despite a hasty disclaimer by Moscow, Deputy Secretary Horn, the brain behind Party Chief Grosz and possibly Hungary's next Foreign Minister, managed to put the possibility of a Soviet troop withdrawal on record at the KSZE [Conference on Security and Cooperation in Europe] follow-up conference in Vienna. Although no results are expected for the immediate future, the issue of Soviet troops in Hungary and the role they played twice (1945-48 and 1956-57) in guaranteeing communist rule, is bound to play a role in domestic policy.

Also authorized for discussion by the highest authority is the most controversial topic of all: the one-party system. Only those who remember how long after World War II the communist party fought other parties for hegemony can assess correctly the domestic policy impact of President Straub's (no party affiliation) reasoning "that in the long run a multiparty system will simply become a necessity." Such statements surpass all Soviet notions associated with perestroika. Hungarians have learned to live with restrictions about voicing their opinions, but once a topic is "freed," discussions are likely to spawn deeds.

Two things are evident: First, the multiparty issue is too explosive to simply serve as a distraction from the dismal economic situation and the troubles caused by the recent tax reform; second, the communist party has no intention of loosening its grip on Parliament and the Popular Front, which technically ranks above the Communist Party.

Former Popular Front leader and current Minister of State Pozsgay has been advancing the toleration of different opinions, a practice that was triggered by Kadar's words "Those who are not against us are with us" to a point where critical and different ways of thinking have almost become institutionalized. He also nurtured the idea of fundamentally changing the Stalinist constitution regardless of past revisions. With the Party's blessings, constitutional drafts are no longer worked out stealthily by anonymous party lawyers, but by well known members of commissions with a pluralistic character.

Hungarian communists have (re)discovered the principle of pluralism in the same places that grant their credits: the liberal nations of the West. Several groups with beliefs quite different from the Party's have formed associations of their own, most recently the "Hungarian Democratic Forum" which is likely to found a new party. A new law regulating and thus legalizing the formation of associations is expected for December, but there won't be any real sense of security until a new constitution guarantees the right of free association.

The same is true for conscientious objectors. Again, laws that follow the models of neutral states like Austria and Sweden are in the works, but only a constitution can offer guarantees. Another example is the right to strike and to demonstrate. Protest marches and demonstrations have recently been tolerated as in the case of the Danube dam project, but neither judges nor police authorities have any definitive rules to go by. Sooner or later a law will get passed, but what is really needed is a constitutional guarantee. There is another aspect to the debates revolving around the Danube dam. The Party leadership rejects a popular referendum—after all, even Western states have found referenda to be a mixed blessing—because it aims to increase its own share of power in the decision-making process concerning national and international megaprojects.

Only Grosz knows whether the Communist party is moving forward because it wants to survive or whether in the end it will retreat into the inner sanctum of its political dogma. It has become fairly evident in the past that ideological mixtures a la "socialist pluralism" have shown little success. Does this mean then that Hungary has already ventured onto the path of "plain democracy," a goal so bravely set by Pozsgay, Hungary's official social reformer?

**National Assembly Discusses New Wage System,  
Parliament, Nagymaros Dam**  
23000023a Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 7 Oct 88 p 2

[Article by V.M.: "Hungary Needs New Wage System/  
Television Coverage of Discussions on Income and Value  
Added Taxes"]

[Text] Budapest, October 6—The second day of Hungary's special parliamentary debate confirmed the impression that the kind of far-reaching changes that are going on in Hungary today are generating more and more wishes—some of them quite unexpected. On Thursday, Parliament discussed changes in income and value added taxes to correct certain regulations that have proved economically and socially disadvantageous. The discussions tended to advocate a fundamental restructuring of the country's entire wage system as a prerequisite for a fair and generally acceptable tax structure. Hungary is basically still dominated by a wage system dating back to Stalin's days when manual work was priced higher than intellectual work.

A trade union representative enumerated defects in the wage and tax system that ranged from hampering private investment initiative to the absence of adequate social security contributions. The Hungarian professions with such new comers as teachers and doctors have either already decided on striking or are threatening to strike. There are indications at trade union headquarters of a possible general strike in late fall.



Since the present period of change prevents a clear economic assessment, Parliament, after a lengthy debate, overturned an earlier decision and agreed to resubmit laws concerning the taxation of corporations to the Finance Ministry and its committees before reaching a decision in November. Many members of Parliament see a flat tax rate of 40 percent for state as well as for commune and privately run enterprises as either too steep or too general. Some individuals, like the president of the University for Economic Studies in Budapest, warned of tolerating a continued vacuum of responsibility in state run enterprises while the private sector is clearly responsible for its actions. Another speaker accused the finance administration of allowing its narrow fiscal and legal approach to spread a "fiscal terror" that completely ignores the needs of production. The Ministry of Finance announced a comprehensive reevaluation of all fiscal authorities for the middle of next year.

The entire parliamentary debate is televised so citizens can see how their concerns are being dealt with. A small demonstration in front of the Parliament on Wednesday demanded the introduction of a civil service alternative for those who find it morally objectionable to serve in the Army. The police kept the demonstrators clear of the House of Parliament, but let them proceed otherwise. A delegation succeeded in handing parliament a petition. A commission is already looking into legislation concerning a civil service option for conscientious objectors.

A difference of opinion took place between a delegate and President of Parliament Stadinger concerning the fact that communist members of Parliament have just recently formed a coalition while no such union is planned for nonparty delegates. The president said he has already initiated steps to remedy the situation. The same delegate asked some very unpleasant questions about who would take the personal responsibility for all the mistakes in economic policy that were committed during these past few years.

Minister for Energy Marothy held his speech on Thursday—earlier than expected. He addressed the controversial Nagymaros dam, a power generating project on the Danube river. Based on a conclusive government report, Marothy recommended to proceed with the dam since every safety measure and technical innovation has been considered. He rejected the claim by those opposed to the project that the construction of the dam presents a challenge to democracy. He instead sees the project as an example for "power-generating projects working for democracy." There are already more than a dozen speakers lined up to address this debate on Friday.

#### **Electronic 'Iron Curtain' With Austria To Be Dismantled**

23000023d Bonn DIE WELT in German 1 Oct 88 p 1

[Article by Carl Gustav Stroehm: "Hungary Dismantles Electronic 'Iron Curtain'/Commander of Border Police Says Electronic Curtain Is 'No Longer Justified'"]

[Text] Vienna—Hungary is dismantling its electronic "Iron Curtain" border with Austria according to a decision by the parliamentary committee on defense. The

committee met in the west Hungarian border town of Sopron (formerly Oedenburg). The commander of Hungary's border police, Gen Janos Szekely and Col Jenoe Foeldes explained that the electronic signal fence had been installed 20 years ago and that it is "not only technologically obsolete but also politically unjustified" because under Hungary's new passport legislation, Hungarians can travel abroad without restrictions.

Col Foeldes told committee members that 94-97 percent of all recent illegal border crossings have been attempted by foreign nationals and that only 3-4 percent involve Hungarians.

He said that half of those Hungarians who generally try to leave the country illegally are "criminals" and that the other half consists of people with personal or family problems and they seem to be unaware of the fact that they can leave country legally. Foeldes said that in 1987, 1976 persons tried to cross the Hungarian border illegally and that of those 1892 had been apprehended. Estimates for 1988 illegal border crossings run five times as high. By 24 September, 5432 people had tried to cross the border, more than 4000 were Romanian citizens. The legal border traffic in 1988 involved 56.3 million people and 16 million vehicles.

Political observers point out that Hungary once before had dismantled its "Iron Curtain" border with Austria. That was during Khrushchev's de-Stalinization era in 1956. However, Hungary's popular uprising and the ensuing Soviet armed intervention resurrected the "Iron Curtain" border.

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#### **Aims, Goals of August Szarszo Conference Outlined**

25000008 Budapest MAGYAR NEMZET in Hungarian 3 Sep 88 p 4

[Article by Attila Melykuti: "It Is Our Responsibility To Remain Europeans"]

[Text] A national meeting was held at the Express camp of Balatonszemes 25-31 August. Billed as "Szarszo'88," some 500 young persons representing more than 30 registered and not registered youth organizations adopted the people's front spirit of 45 years ago, seeking a way out. The Soros Foundation contributed 300,000 forints to the camp-out's 1 million forint budget. PPF provided 100,000 forints, and KISZ [Communist Youth Organization] contributed 50,000. The balance was financed from dues paid by participants. The introductory note to this composition should be prefaced by saying that the list of lecturers and participants at this meeting on the shores of Lake Balaton was incomplete. Forty percent of the leaders invited from the political, state and scientific communities with the assistance of KISZ CC personnel declined to participate. Their primary excuse was travel abroad. The rest failed to

respond to the invitation. It would be hard to tell how many of the intended goals were actually achieved by Szarszo'88, and just where the "Szarszo Front" organized in the course of the meeting will lead. The meeting was organized by specialized colleges of higher education and by the PPF's council of "Know Your Homeland" and sociopolitical clubs. Supposedly, a fair judgment may be made only later. For this reason the aim of this writing is merely to attempt to put together a mosaic on the basis of interviews, following the presentation of daily reports.

*Zoltan Bogardi is a member of the PPF Council of "Know Your Homeland" and sociopolitical clubs, as well as of the Szarszo'88 camp leadership.*

[Bogardi] "The similarity between our gathering and the 1943 gathering at Szarszo is that we too gathered in response to the advance winds of a national turning point. We also invited representatives of Hungarians residing beyond our borders. The conference of 45 years ago was organized by the populist movement. They were able to enlist the names of notables. As a foreseeable consequence of that meeting, the 1943 participants were unable to reach an agreement regarding a common path. At Szarszo'88 we were not threatened by such consequence because this meeting was not meant to present outstanding personalities. It was meant to be a meeting of groups and of fledgling organizations which are in agreement regarding the main issues. From the outset, the six day forum could not have presented a fiasco to these mostly autonomous clubs and associations. We did not expect to hear ready-made prescriptions from the participants, aiming for the resolution of our commonly known problems.

"We wanted to clarify some fundamental issues pertaining to cooperation in a manner so as to provide an opportunity to the young to appear before a large audience and to define their concerns and plans. This was important because a majority of the young, just as the mainstream of society, simply did not have a chance and education to learn about democracy. A number of participants were apprehensive during the days in Balatonszemes because a part of the participants was not sufficiently mature. They applauded also some meaningless, demagogic statements. I do not deny that this took place. Except for the fact that I believe that the youth policies of the past decades, and not they should be held responsible for their shortage of knowledge about democracy. Well, despite all this, Szarszo'88 proved that some 600 Hungarians and foreigners of varying backgrounds, ranging in age from 16 to 70 could work together for a week, respecting each other. They valued and took advantage of the opportunity. The camp organizers were very conscious about permitting all trends to be represented—the meeting was democratic not only in form. Yes, we need democracy in order to survive the upcoming period, in the midst of a declining standard of living. In my view, Szarszo'88 served this purpose."

*Arpad Foltanyi is a member of the Istvan Szechenyi specialized college of the Karl Marx University of Economics. He was also part of the camp leadership. This article presents some of Foltanyi's thoughts that he conveyed on behalf of his young associates at the national commemorative gathering at Szarszo, 28 August.*

[Foltanyi] "In the course of our thousand years of history we always wanted to be Europeans and Hungarians. At present, and let's add here: once again, we live in an era when our European and Hungarian being depends on us. Our most important task is to be aware of this responsibility if we want to fulfill this mission. Our society must once again become a society. Democratic Hungarian public life which seems to be emerging after 45 years, and which is nurtured by the tradition established in 1943, was shattered by Stalin's system. It became clear in 1956...that the Hungarian people do not tolerate overt dictatorship. The economic sphere served as a valve to relieve the tensions. Aside from wasting our nation's fortunes, hard-working individuals did have an opportunity to raise their material well-being. But this increased material well-being was accompanied by a loss of values, one which can be best demonstrated by the reduced number of our people and the large number of alcoholics and suicides. These facts are commonly known by now.

"Most people understand the gravity of the situation. But they are not aware of the opportunities that exist to resolve the economic, cultural and moral crisis. I believe that it is our responsibility to do something to counter total anarchy, the impossibility of governing society, and the even graver, by now catastrophic crisis.

"These weeks and months will determine whether in Hungary too there will be a historic stalemate. We should have neither fears nor illusions. There will be no repetition of 1956. We are facing a far worse, irreversible tragedy: we are approaching the end of a thousand years of attempts to close ranks, and the permanent loss of relevant and valid commands of the sociopolitical legacy of our best. If ever, it is today that we are in real need of wisdom. Wisdom, so they say, is the privilege of the old. I, on the other hand, believe that by acting in a wise and responsible manner, manifesting examples to, and teaching each other we can provide an example which can lead us to the rugged road of renewal, joining every decent and well intended person and community. I also believe that an increasing number of people will follow us.

"We are also confident that all present leaders of our nation will finally recognize that the national interest and the nation's will expressed in a democratic manner always comes before their personal interests, because following this route represents service to our homeland. From our viewpoint this is the message conveyed by Istvan Bibó, the greatest figure of the 1943 generation. Laszlo Nemeth's perennial idea is also linked to this idea: in the absence of moral renewal and without cultivating the values of democracy, even the most



perfectly constructed democratic institutional system will become devoid of content and will stand only on legs made of clay—just to be destroyed by the first storm.”

*Miklos Meszoly is a writer.*

[Meszoly] “Our present situation tests the strength not only of the individual citizen, but also of society as well as the political sphere. In this test the level of our national consciousness, and the way we are able to bear influence on the evolution of our fate will play a definitive role. The present meeting is important because as compared to Szarszo of 1943, there appeared here the totality of a homogeneous young generation to provide arguments. What is most important: they did so with their thoughts intact. The wise sense of responsibility which characterized the conference on this day when national consciousness was the topic of debate, left me with an absolutely strong, almost moving experience. I am aware of the fact that in earlier meetings there was much emotion and many mistaken thoughts. But this should come as natural. After all, this generation was unable to obtain the needed schooling to think in political terms and to effectively participate in public affairs. It is for this reason too that I consider it a great accomplishment that they can be young and liberated.

“During the past period of history the older generation received a rigid and abridging education. As a result, that generation itself does not recognize that it is not thinking with its own head, and does not express matters in its own words. As speaker Peter Balassa so eminently described a virtual generational psychology: willingly or unwillingly we, the older people see a crow on the stake even if there is no crow there. This takes place virtually as a matter of reflex. Thanks to the more liberated social breathing room of the past few months, participants at this meeting representing the greatest variety of extremes made an important contribution. They agree on certain basic moral issues, and therefore did not become enemies. Instead they became a multitude complementing each other's thoughts. One should only applaud this fact. There is a chance that there indeed will be a populist front initiative. These young people are willing to take risks consciously and with full sincerity.”

*Gyorgy Szilvasy is a department head of the KISZ CC.*

[Szilvasy] “In these days we hear a lot about a crisis of values, of finding a way out, and about programs and conceptions that did not take shape. Thus there is a particularly great need for a meeting in which the views of young people are confronted. This is the only way to find a common ground which permits us to advance securely. At that point the generational issue is transcended, and advance can be made jointly with the older generation's progression. The latter were not fully represented at the meeting, even though to a significant degree representatives of the greatest variety of intellectual trends participated in the debate.

“Szarszo '88 was a true forum. Within its own democracy even the insane had their voice heard, according to one commentator. In spite of this, however, the camp's leadership, and the meeting as a whole was characterized by a constructive search for a way out. This is true even if as a result of commentators who in certain respects lacked expertise and were overcharged with emotion, some documents were produced with which KISZ participants could not agree. Setting aside these incidents, however, I can say that this forum on the shores of Lake Balaton—Szarszo'88—represents a great value.

“At the meeting I reiterated the KISZ CC position: autonomous youth organizations have a right to exist. The only thing we need is to establish ground rules for their functioning. Ground rules which represents a framework applicable to everyone, on the basis of which existing, and expectedly a greater number of future political organizations may function within the law. It will not be easy to reach an agreement. Nevertheless we do have common grounds for agreement, acceptable to everyone. That common ground is the fact that from among those present at the meeting no one wishes to see chaos, upheavals and civil war. Using this as a starting point we may argue about programmatic details, viewpoints, and matters of cooperation. And KISZ will have a right to exercise criticism just as the Association of Young Democrats has. Quite naturally, within this colorful plurality, based on a left-wing system of values, we will endeavor to acquire the broadest possible base and influence. We would not say, however, that KISZ is the sole representative of that left-wing system of values.

“It would cause great problem if the various youth organizations representing a variety of trends could be compromised and set up against each other in regards to certain important governmental, sociopolitical decisions. It is for this reason that KISZ suggests that a National Council of the Hungarian Youth be called into being, an organization within which we could formulate joint positions encompassing a generation, which could then be advanced in terms of interest representation and interest enforcement.”

*Pal Dragon is a worker, a member of the camp leadership, and secretary of the Petofi Cultural and Traditional Association.*

[Dragon] “Exceeding all the earlier actions and camp-outs organized by our association and by the Council of Clubs, Szarszo'88 was a continuation [of those activities]. The closing document adopted at the meeting contains conceptions which can be applied toward the resolution of problems which were discussed so many times earlier. It is on the basis of this position that the new, independent Szarszo Front was established. I, and by virtue of its statement of intent, our entire association became members of that Front. Already in September we will report on this program in the Danube Bend region—after all, we are also known outside of Szentendre. By now a large part of the workers is aware of this country's

crisis, irrespective of whether one considers Bos-Nagy-maros, the economy in general, parts of the economy, inflation, or tax problems experienced by people.

"For this reason that I can say that unlike some people claim, the examination of the causes of our difficulties, the search for a solution is not just intellectual whining. Most certainly we must endeavor to achieve that as many workers as possible understand that also the intelligentsia is thinking in a responsible manner. To accomplish this, however, we need more help to be able to conduct purposeful political discourse, so that we reach broader strata. Also those in power should understand that these are not opposition initiatives. We do not want to take away power. What we want is to take part in charting our destiny."

*Zoltan Kiraly is an editor, reporter, and [National Assembly] representative.*

[Kiraly] "Quite obviously, Szarszo'43 served as the apropos for the present youth meeting. In many respects our present situation is indeed identical to the situation of 1943. It appears that an agreement is taking shape, e.g. that we must respond not only in regards to the economy, but to our entire existential system. Do we have a future, and if so, what is that future? The international situation is outright encouraging for the definition of such a response. Self initiated groups which participated in Szarszo'88 helped with their lectures and debates to find the path. By now these groups exist not only alongside each other—they now compete with each other.

"Based on my experience while I was there, I can say that despite many differences, there is common ground among the many interests represented. I can say what I have said in Parliament last September: Economic recovery is inconceivable without renewing the political institutional system. The problem is that all we hear is words in regards to the latter. We have talked about it, but indeed, not even the beginning of action may be seen. Szarszo'88 provided the lesson that we cannot discuss the future in the absence of these groups. The movements and representations which emerge in a pronounced fashion must be made part of the political institution ["must be politically institutionalized"]. Even if those in power were not represented at this time and at this meeting, they must seek an opportunity for dialogue. Szarszo'43 as well as Szarszo'88 defined the need for a more complete national dialogue. It would be troublesome if the political sphere disregards the present forum, and if it would not make use of it. In other words, it would amount to more than a mistake to question the validity and credibility of this meeting. My hopes are nourished by the fact that those presently in power are certainly more receptive [to ideas] than those who were in power 45 years ago."

Thus far the evaluation. Some were based on segments of speeches, or were just projections. The facts were already presented in the introduction. Perhaps it would be worthwhile to add this much of a similarly unbiased statement: the week long meeting of more than 500 youth at Szarszo was not marred by any incident, and emotions were not debased by anger. This meeting manifested tolerance, a commodity we have found to be in short supply for a long time here in Central Europe.

#### **Pioneers Accept Revival of Banned Scout Movement**

25000026a Budapest MAGYAR NEMZET in Hungarian 26 Sep 88 p 3

[Text] The increasing number of initiatives of late aimed at the revival of the scout movement and the existing summer scout camps have prompted the national board of the Hungarian Pioneers' Association to take a stance on what the pioneer movement's relationship to these organizations should be.

In its statement, the Association asserts: a mature evaluation of Hungarian "scout history" necessary to form an unambiguous position concerning its reorganization is still missing today. There is a parallel feeling of glorification combined with nostalgia and an absolute rejection based on the arguments of the 1950s in the different strata of the society.

In spite of the ever increasing number of organizations, the scout movement's massive appearance and spread cannot be expected in the near future, because there are no trained leaders; and probably the basic principle, according to which the scout movement never intended to become a mass movement, will not change, either.

It is a fact that the pioneer movement—although its ideological and organizational views fundamentally differ from those of the scout movement—has utilized numerous proven methods of the most widespread bourgeois children's movement, the scouts, from the beginning. Even today, the pioneers' movement maintains connections with scouting organizations operating in other countries, and so does the CIMEA with the world scout organization.

Taking into account all this, the national pioneer board's opinion is that it has to be made clear to the pioneer leaders that the pioneer movement cannot win the dispute and—probably—the competition with the scouts if it aims at employing administrative and political means instead of developing and realizing attractive communal programs. The leading organizations of the pioneer movement should try to get to know the leaders of the scout groups in the process of being formed and should establish a relationship with them based on mutual respect and the service of the children.



## POLAND

### Call for Authentic, Critical Dialogue Between Regime, Opposition

26000051 Warsaw KONFRONTACJE in Polish  
No 7/8, Jul-Aug 88 p 12

[Article by Jerzy Robert Nowak, historian and journalist; lecturer at the PISM [State Institute of International Affairs] and director of the foreign department at ZDANIE; author of many books, primarily on the subject of Hungary and selected political-social thoughts of C. Norwid and I. Pradzynski; and SD member: "Regarding a Coalition for Reform"]

[Text] Recently, the "Consensus" organized a large-scale discussion on the subject of: "What Kind of Opposition Can Help Poland?" It seems to me that a question formulated in this way is somewhat one-sided. The second part of the question seems to be obvious: "What kind of government can help Poland?" I would first like to answer the second question. The only kind of government that can help Poland is the kind that in the current economic situation which continues to be extremely difficult and on the verge of collapse would be ready to enter into a new social agreement—an agreement that would negotiate with various factions of society including the opposition, the creation of a Government of National Trust comprised of experts, particularly economic experts and politicians-reformists who will be aware of the fact that changes cannot be made without cost.

The far-reaching economic changes indispensable for Poland have their potential adversaries among the conservative sector of the community connected with the government as well as only among the revanchist-inclined part of the public. In this situation, bringing about the creation of a kind of "Reform Understanding" with the participation of a part of the people from the establishment and various factions of society including the opposition—all those who realize the seriousness of the situation (that it is "a minute before midnight") and the need for a decisive transition to far-reaching economic reforms, becomes all the more important.

A part of our official establishment and a part of the opposition would like to see an absolute abyss between the authorities and the opposition. They even see their own interest in the perpetual maintaining of differences that are impossible to overcome. And, after all, there are so many people on both sides of the barricade who think alike and who essentially perceive similar threats and have similar visions (scenarios) of saving the Republic. Is it possible to deny the existence of many similarities between the views of such people on the side of the establishment as: J. Reykowski, A. Rajkiewicz, J. Szczepanski, C. Bobrowski, J. Kaleta, W. Markiewicz, M. Kozakiewicz, J. Wiatr and if only to mention, Deputy Premier Z. Sadowski, and such representatives of the opposition or independent public opinion (so be it

called) as: S. Stomma, W. Sila-Nowicki, J. Zablocki, R. Bender, R. Bugaj, A. Micewski, S. Kisielewski, M. Krol and the entire "Res Publika" group, K. Dziewanowski, A. Paszynski, M. Ilowiecki or W. Gielzynski?

Our misfortune since December 1981 has been the constant disciplining, concentrating ranks on both sides of the barricade, and tracking down and cursing the unruly ones inclined to reach out with an olive branch to people from the other side. Let us recall how many ideological attacks were directed against Prof J. Reykowski or Prof J. Wiatr by the overzealous. Let us recall, on the other hand, the feverish, obstinate attacks of the opposition against W. Sila Nowicki for his decision to join the Advisory Council, the turning away from A. Micewski's "Signs of the Times," or even the attacks on "Comrade Glomp."

During the last 12 or so months, the first rudimentary steps on the road to dialogue between both sides of the conflict can finally be seen, i.e., the activity of the Advisory Council; several meetings of the "Consensus;" beginning the publication of RES PUBLIKA; the first issue of KONFRONTACJE; the animation of heated discussions, much less censored than in the past, on the subject of the economy; and the discussing of the subject of "blank spots." However, all of this is not enough in the situation in which Poland finds itself as a country on the brink of economic disaster.

So many decisions are still encumbered with the tendency toward the old feigned actions. It is enough to recall the way in which the "election" of the spokesman of civil rights took place or the recently announced draft plan of the electoral law with regard to people's councils. After all, this draft plan was, in reality, much less democratic than the draft plan of the new electoral law pertaining to people's councils announced in December of last year in Bulgaria (where it is permitted to nominate a candidate after collecting 100 signatures on his behalf.)

Several months ago in Hungary, a country which continues to be in a significantly better situation than Poland even though it is becoming involved in an ever increasing crisis, a meeting of 160 intellectuals including numerous people from the opposition (the writer, Gyorgy Konrad, among others) was held in a place called Lakitelek with the official leader of the People's Front, the former minister of culture, Imre Pozsgay. What's more, Pozsgay, a very popular politician-reformist, came to this meeting with the consent of Premier K. Grosz. Following the meeting, he expressed approval of the unusually frank and critical discussion in Lakitelek and for these types of open discussions on the subject of an alternative for the development of the country.

I believe that the time has also come in Poland for authentic, critical dialogue between the authorities and the opposition—a dialogue without any preconditions

because such conditions were the expression of a persisting stubbornness with the aim of finally seeing the adversaries on their knees. If anything is truly on its knees, it is our economy...

Now, I would like to comment on the transgressions of a part of the opposition—the one that rejects the idea of the possibility of dialogue with the current regime opting instead for a game of waiting it out with the idea that time works on its [opposition] behalf because the economic situation is becoming worse and so is the social mood (see: the results of the latest survey of the Public Opinion Research Center [CBOS]). At least two important arguments undermine the validity of this form of attitude. Every month that goes by without initiating indispensable, far-reaching reforms comes closer to a situation where there will no longer be anything to govern with or to save. I recommend that the advocates of the slogan “the worse, the better” read last year’s interview with Zbigniew Brzezinski in *POLITYKA*: “The better it is, so much the better” or Brzezinski’s earlier pronouncement at Yale in May 1984. In speaking on issues on whose solution Poles should concentrate, Brzezinski emphasized first and foremost the need for concentrating on “improving the state of the country’s economy because a healthy economy also means the possibility of striving for greater independence.”

The second argument: We currently have an exceptional situation for the reforms owing to Gorbachev and his difficult struggle with the barriers of the reforms in the USSR. And also owing to the fact that for the first time in postwar history, not one isolated country but several very important socialist states have taken the road of reform. However, let us keep in mind that it is impossible to predict whether we will always have such a favorable situation.

I believe that an overly large part of the opposition does not assess the economic issues at hand properly. It is a characteristic fact that in over 1,000 underground [drugie obiegi] publications published after 1981, emphasis was mainly placed on political, cultural issues and issues dealing with various historical events and at the same time, perhaps 5 to 10 publications were devoted to such a fundamental issue as the economy. In fact, an excessively large part of the opposition in Poland is concentrating only on touchy political issues and historical events and does not represent a profound, well thought-out program of economic changes. And this is its great weakness which must be overcome if it wants to effectively participate in activity for the creation of an “Understanding for Reform.”

I feel that one of the main goals of *KONFRONTACJE* which has begun its activity on behalf of dialogue so splendidly should be the patronage of endeavors aimed at initiating a broader “Understanding for Reform” by people of various political convictions united by a sense of the good of Poland and by an unconditional commitment to authentic, not simulated reforms. I believe that

there exist many matters which could gain the support of realistic and open-minded people on both sides of the conflict. I would like to enumerate only a few of these:

- concern for the best possible consideration of national interest;
- the need for protecting the public from the tendency of shaping economic policy by various all-powerful lobbies and particularly the heavy industry lobby;
- concentrating much greater attention on the development of agriculture, the consumer goods industry, the skilled craft industry, construction, and tourism;
- the struggle for the elimination of the persistently astronomical number of restrictions and bans which strike a blow to entrepreneurship and private initiative;
- securing one of the most important elements of democracy—the right to freedom in conducting economic activity;
- taking on the struggle with incompetence, inefficiency and all forms of breaking the law with Gorbachev’s consistency;
- the introduction and full compliance with Montesquieu’s old, tested principle regarding the need for separation between the legislative, executive and judicial powers;
- the separation of the party and the state apparatus and the precise delineation of PZPR powers through the passage of the party act, the limiting of officialdom, and the ensuring of a truly full implementation of the talents of all “good skilled workers without party affiliation;”
- departure from a paternalistic form of government and the introduction of authentic political pluralism;
- the defense of the humanistic intelligentsia—a class which for many years has been undergoing the greatest pauperization and possessing the worst conditions for making use of its talents. In conditions of the marketization of the economy, the technically oriented intelligentsia is capable of defending itself;
- the struggle with populist tendencies—the inclination toward social demagoguery on the part of the authorities and the opposition;
- the introduction of authentic local and regional self-government based on democracy. The central authorities should, under no circumstances, fear the functioning of absolute democracy at the local level or even the possibility of a situation where 10 citizens would nominate a candidate to the people’s council.



It seems to me that we have been talking and talking for too long. I would not want Prof J. Szczepanski's bitter prediction (in PRZEGLAD TYGODNIOWY No 1/1988) to come true that this year, as well, all the efforts made will be in vain with obvious results for our country and the irrevocable loss of chances. It is indispensable that the spirit of division be overcome and that both sides, i.e. the authorities and the opposition, move at least a half step forward on the road to dialogue. One of the measures to be taken would be for part of the opposition to enter into direct dialogue with people in authority just as it had occurred in Hungary in Lakitelek. Perhaps it would be advisable to create joint reformist clubs with the participation of the proponents of the reform from both sides of the conflict. It would be purposeful to animate the SD and the ZSL in such a way that they would play more of a role of political forces acting on behalf of understanding, the creation of centrist political trends and at the same time, so that they represent the lobby of interests connected to their social base much more strongly. I remember Rezső Nyers, the "father of Hungarian economic reform" and for many years member of the Politburo and the Hungarian Socialist Workers Party Central Committee secretary, saying that the Hungarian reformists regret that they do not have such parties in their country as the SD and the ZSL, although they realize that both of these parties are far from fully utilizing their potential of activity.

Finally, I am for a joint stand to be taken by leading intellectuals—advocates of the reforms (people from the establishment and from independent currents of thought) which would include support for the earlier discussed and agreed upon minimum of the program of reforms. We are building a bridge over an abyss.

February 1988

#### **Democratization Path Defended; Central, Local Efforts Noted**

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23 Aug 88 p 3

[Article by Włodzimierz Syzdek: "There Can Be No Going Back"]

[Text] In recent years we have been witnessing an ongoing democratization of political life. In this respect we are ahead of certain processes currently taking place in the Soviet Union. It is noteworthy in this connection that the reforms grow out of Polish soil, Polish needs and expectations.

Essentially the democratization of political life consists in a steady increase in the society's participation in governance, and hence also in deciding the country's fate. This is an ongoing process that is steadily being enriched with new elements. There is not and cannot be any going back on it. For such is the Polish reality. This

has been repeatedly emphasized in the resolutions of the highest party leadership. What then is the nature of that process, and what are the new institutions of Polish democracy?

The process of change has been significantly influenced by the Patriotic Front for National Rebirth [PRON], established in 1982, which represents a platform of accord among political and social organizations as well as among people with differing political attitudes and views. And although this movement has not encompassed many constituencies, it has played a significant role in the growth of Polish democracy. It was precisely activists from that movement who originated proposals for updating electoral law. During the recent elections to people's councils voters were enabled to make a genuine choice instead of having to go through a formality as in the past. That was a major step forward, although the public regarded it as still too diffident. Besides, innovations have had a hard time breaching the walls of traditional practices and habits. Hence the numerous protests by voters against actions inconsonant with electoral law and the criticism of the attempts undertaken here and there to eliminate inconvenient candidates. However, this experience was both to the society and to the authorities a lesson in democracy from which conclusions shall be drawn during the subsequent electoral campaigns, including the coming elections to the Sejm.

It was also PRON circles that originated the initiative for organizing a referendum in emulation of the frequent practice of the Western democracies. And although the society's participation in this act of co-deciding the country's future was smaller than expected, the referendum's results clearly influenced adopting a particular concept of the economic reform.

Democracy has also reached the Parliament. The times when the Sejm was a mere "voting machine" are long past now. It is now a forum for fundamental disputes and discussions, and it no longer passes decrees unanimously. It either votes down many government proposals or sends them back for revision. Personnel decisions are no longer made automatically either. We all remember the recent failure of the recall of the Chairman of the Supreme Chamber of Control Tadeusz Hupalowski.

An innovation in the history of Polish parliamentarianism was the formation of the Socioeconomic Council to the Sejm. Its members represent various constituencies and, being deeply rooted in the Polish reality, they exert a genuine influence—although they feel it could have been more substantial—on the directions of the country's development. Many of the proposals they made have already proved themselves in practice.

It also has become possible to invite people heretofore somewhat opposed to the authorities to cooperate in democratizing political life. Since 1986 they have been members of the Consultative Council to the Chairman of the Council of State.

"The formation of this Council means," Professor Jerzy Wiatr wrote, "a marked broadening of the platform of dialogue and the implementation of an interesting experiment with the participation of persons with politically very different views, whom much has divided and is dividing, but who decided to act jointly for the sake of national reconciliation and reform of the state." It is thus that the fact of the formation of this Council is to be interpreted, while at the same time it is to be deplored that a still numerous group of Catholic activists, who could have emphasized more strongly their point of view, are not participating in the Council's sessions.

But it would be wrong to think that democratization can be confined solely to the center.

Slowly and with difficulty, it also is reaching the periphery. The people's councils that emerged following the recent elections have been endowed with a substantial package of rights which enhance their role as local governments of cities and gminas. Their decisions are to be binding on local agencies of state administration. Taken together with their new right to own assets in the form of communal property and to borrow money, this provides them with much broader possibilities for action.

The recently established institution of the Citizens' Rights Spokesman is a total innovation in Poland. It enjoys considerable social trust. This is demonstrated by numerous letters addressed to Professor Ewa Letowska. In many cases the Spokesman has intervened effectively, while in others attention was drawn to illegal actions. Thus this is yet another important safeguard of the permanence of the changes in our public life. Of course, a prerequisite for the success of these changes is the breadth and consistency of implementation of the reforms as well as an effective demolition of the barriers to progress. This is also mentioned in the resolution of the Sixth PZPR Central Committee Plenum:

"We are in favor of a resolute elimination of whatever engenders feelings of division into rulers and the ruled and represents the basis for bureaucratic distortions. We view this as the principal prerequisite for augmenting the strength of the socialist state and streamlining its organs.... We shall provide increasingly better conditions for the emergence and reconciliation of diverse opinions and interests, broaden the platform for national accord, and strengthen the coalition approach to governance. Our position is that the socialist democracy should provide a broad scope for variously motivated civic actions. The basis for dialogue and the inviolable limit of socialist pluralism is and remains the constitutional systemic order and *raison d'etat* of People's Poland."

Much has been said on this topic in the discussions and conversations dealing with the directions of the further development of democracy. One such discussion, with the participation of party activists and representatives of the social sciences, was held last June in Poznan. It also

touched on the important issue of drafting a new Constitution. This postulate has long been voiced by many constituencies. The currently binding Constitution of 1952 does not fit the selected stage of development of the socialist state: It lacks provisions concerning new democratic bodies and institutions. It is necessary to redefine such concepts as socialism, egalitarianism, social justice, relations among social forces, the new role of the intelligentsia, and a place for various property rights in the socioeconomic system. "It should be emphasized," it was declared at the conference, "that the new democracy means authenticity of people's rule as expressed in three planes: politics, production, and governance."

The work on the Constitution is continuing. At the same time new prospects for broadening the social base of national accord have arisen. They are linked to the concept, supported by various circles related to both the authorities and the opposition, of forming an anticrisis pact or, in other words, an anticrisis coalition.

But Jerzy Grzybczak is probably right in writing in the weekly *ODRODZENIE* that the road toward this new form of accord will be neither easy nor straight. For nowadays even the most catchy buzzwords and slogans about democracy no longer guarantee success. It is necessary to overcome mutual grievances and prejudices and be ready for mutual compromise. The need for such a compromise is demonstrated by the recent comment by Professor Klemens Szaniawski, a scientist linked with the independent circles, as published in *KONFRONTACJE*:

"I have already declared myself in support of compromise without necessarily relinquishing fundamental values. But I fear that as time goes on this compromise will become increasingly difficult. May it not happen that some day people will say of the changes, which will anyway have to be made, that, as always, they were too little and too late."

The aforementioned anticrisis coalition "as an important factor in extending the process of democratization to new constituencies" was also supported in this newspaper by the well-known Catholic activist, writer, and member of the PRON National Council Ryszard Zieliński.

"I am in favor of this coalition," he declared, "insofar as it is formed not by the PRON but with its participation and upon its appealing for the creation of conditions promoting political pluralism and the rise of new social organizations. The related prospects are being unlocked by the decree on [freedom of] associations that is currently being drafted. This decree will make possible the legalization of activist civic groups that support socialist systemic principles and set themselves the goal of healing the Republic. There is a social demand for the existence of precisely such groups. Many of them already are being formed without waiting for that decree to be enacted, though not without resistance from local authorities. The



PRON is preparing itself, little by little, for operation in the presence of political pluralism; it desires to be an equal partner of the associations being formed. Some activists are considering a change in its appellation to a more suitable one: Movement for Healing the Republic."

The party also is subject to processes of democratization, although a precise definition of its place in the system of a broad political coalition remains a problem. At the Poznan conference the need to decide whether such coalition rule is an element of tactics, of strategy, or whether it is a feature of the political system, was mentioned.

Of course, no one denies that lack of experience in utilizing democratic institutions is a major barrier to the changes. Too often civic actions are suppressed by the omnipotent bureaucracy despite the rights possessed. On the other hand, the society's participation in the changes under way is still too small. We stand aside from the processes under way and complain that there is no democracy in Poland. And yet a condition for the success of further changes in this country is not only the goodwill of the authorities and the formation of new representative and advisory bodies but also civic activism. For a democracy in which a majority of citizens do not take part remains a largely meaningless word.

**Societal Mood: Economic Uncertainty, Disorientation Dominate**  
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[Interview with Prof Janusz Reykowski, social psychologist, director, Psychology Department, Polish Academy of Sciences, by Teresa Kwasniewska and Roman Debecki]

[Text]

Debecki: Professor, we have been waiting for this meeting for over 2 months. Do you not like interviews?

Prof Reykowski: No.

Debecki: Why? Besides the fact that they take up your time and take you away from your work, of which we are aware.

Prof Reykowski: I do not like interviews because rarely am I happy with the content of that which I can convey during a conversation. In order to express my stand well and accurately, I must give it considerable thought. During an interview, this is usually difficult. Another reason—negative experiences with journalists. Not infrequently, a journalist did not have a clear idea of what he wanted to find out. All that mattered to him was that I say something. Therefore, what resulted from such a discussion was highly unsatisfactory.

Kwasniewska: The reason for our request for a meeting is not the kind of interview you have mentioned.

Debecki: You are a social psychologist. Please tell us whether the knowledge that you possess enables you to make a diagnosis on the subject of the psychological state of Poles, i.e., in descriptive terms—that which lies in our hearts?

Prof Reykowski: Col Kwiatkowski from the Public Opinion Research Center [CBOS] could better answer this question. He does not speculate on this subject but conducts surveys. That which I can say will be more of a commentary on the facts and observations gathered by specialized institutions. Thus, I believe that a very common phenomenon is the feeling of disorientation as to what is really happening in our country and what could happen. This arises from the fact that nearly everything that belonged to a traditional canon which comprised our sociopolitical order has been questioned. The current reform process leads to, among other things, the shake-up of truths which seemed to be untouchable for dozens of years. All of this arouses a feeling of chaos. Many people are trying to protect themselves from this chaos by saying: "In reality, there is little change; the reform is not a true reform, etc." However, such talk is usually more of a defense reaction than the portrayal of reality.

A second phenomenon is the feeling of economic uncertainty. Many people feel that their standard of living is worse than before.

At the same time, various groups are appearing that attain very high earnings whereby these earnings cannot be explained either with education or the quality of work or effort but rather with a specific set of circumstances—the development of a favorable economic situation for these groups. All of this contributes to a feeling of disorientation, uncertainty and unfairness.

Kwasniewska: Please tell us, how do you make use of your knowledge? It is rumored that your expert assessments find their way to the desks of the highest authorities.

Prof Reykowski: In general, I try to present my views on national issues publicly. At times, I also try to direct them to certain decisionmakers. However, I am aware that the reality facing a decisionmaker is multidimensional for it not only has a psychological dimension—something that is within my line of work—but also an economic, international, etc., aspect. I would not even aspire for the position of a social psychologist to have a deciding influence on political decisions. All of the views which I have mentioned must be correlated.

Debecki: And is not the involvement of a scholar in politics simply a waste of time? Rarely can it be said that his opinions or advice are taken into account for reasons

which you have mentioned. Therefore, instead of preparing expertise reports, which make their way to desks, is it not better to write a few articles or books?

**Prof Reykowski:** I sometimes ask myself this question. And I answer it in a twofold manner. First of all, it does occur from time to time that the opinion which I have expressed on some issue is not ignored. Secondly, for someone who is interested in social life and the mechanisms controlling the actions of various units and larger groups, occupying oneself with sociopolitical life in practice constitutes a very educational experience. I, too, am learning something by attempting to apply my knowledge in practice.

**Kwasniewska:** Since the authorities know perfectly well what the situation is, why don't they make allowances for social climate, mood? After all, this is a primary condition of many successful undertakings, not to mention the reforms. During the 1970's, the authorities explained their mistakes with the lack of adequate information. They cannot say that now.

**Prof Reykowski:** Indeed, the amount of information reaching the Center is very large. There is no concealing of information, the "glazing over" of reality. I can attest to the fact that very unpleasant and unpopular information is also being conveyed to the highest decisionmakers.

One of the lessons that I have learned from observing the process of decisionmaking somewhat more closely, is that central decisionmakers have a very limited field of action. Their true possibilities of operation are frequently very narrow. This may seem strange because looking from below, it is possible to get the impression of the omnipotence of those who are standing on the "summit." A question comes to mind then: "Why do they know but do nothing?" However, every possible variant of a decision is associated with an entire chain of negative consequences. Often, a decisionmaker has to choose from the lesser of two evils.

**Kwasniewska:** We have come across the following remark: "The Polish society of today is no longer a band of yard musicians but rather a symphony orchestra. The only problem is to select the right score and the best conductor."

**Debecki:** The score is a problem and the conductor—the authorities. Therefore, what sort of program and how presented to the public could inspire, convince, and activate it?

**Prof Reykowski:** There is, undoubtedly, some sort of validity to the first part of the question. However, within the context of a state there is a kind of traditional belief in the power of a leader. Now, things look somewhat different. The most important thing is to create conditions for society itself to be able to strive for an improvement in the conditions. The analogy to the conductor,

although descriptive, is more applicable to the traditional scheme of things than to the current situation. From the decisionmakers, we should expect the creation of conditions that will enable the public to act independently.

**Kwasniewska:** But, Professor, so many years of central control of the public has, to a certain extent, spoiled us. The conviction that the authorities know better, that they will guide us—that was the standing rule for decades. Thus, the habit of looking to the top. It is difficult to suddenly believe that we are genuinely co-managers.

**Prof Reykowski:** This is a way of justifying ourselves but this does not change the reality of the situation in which we find ourselves. Those governing, I believe, began to see the truth that they are far from being omnipotent and far from being able to plan and organize the life of all of society.

**Debecki:** In one of your articles, you wrote: "The political process was hidden from the public. Currently, the government is working with an open curtain but the stage behind this curtain is not very roomy." Do you uphold this?

**Prof Reykowski:** Yes. I would think that a lot of things could be changed in this regard.

**Debecki:** Thus, declarations that every Pole can have an influence on the fate of the country, are without substance?

**Prof Reykowski:** I describe postulated reality.

**Kwasniewska:** It was not without reason that we asked you about the social mood. How can such a climate be created whereby society would overcome their reservations and aloofness? Without backing and understanding, even the most splendid program cannot guarantee success.

**Prof Reykowski:** A program that reaches the minds of broad masses of citizens is—truth. However, next to feelings of threat and disorientation, a sign that is bringing about an optimistic mood are increasing examples that people are trying to take their own matters into their own hands.

**Kwasniewska:** An escape into privacy?

**Prof Reykowski:** Why do you call it an escape? It was an escape for as long as it was regarded that the only real life is that carried on within the framework organized by the state. If someone stepped out of these confines, this was described as an escape. The principle should be accepted that reality can be organized in various ways and that people themselves should decide about how to lead their lives. A question arises from this: How to reinforce this



trend; how to expand it into various areas. It would be very naive on our part to assume that during a two hour discussion, the three of us can build such a program.

**Debecki:** Let us, therefore, answer the question: What political mechanisms should be created so as to ensure wider social spheres of influence over the formulation of a program, to a greater extent than has been the case thus far, whereby everyone who is active [politically] would have the opportunity to influence the shape and substance of the program?

**Kwasniewska:** This is the proverbial question of a minute before midnight. There is very little time to make changes.

**Prof Reykowski:** I feel that we have the potential to attempt to bring about such order that would create the possibilities for our citizens of choosing from among groups proposing various programs and all this without causing the destabilization of the state or the questioning of the basic moral and ideological values of socialism. It is possible to picture a situation where not only two councilors are arguing about something but also one in which more than one program of socioeconomic development will emerge. The fact alone that such a program would be appreciated by the public and that it would have to compete with other programs and defend itself in the face of public opinion, would create conditions for changes in the methods of communicating between those who exercise authority, and the public. Moreover, participation in the selection process; i.e., standing up for a given program creates the bases for the development of a feeling of social coresponsibility.

**Kwasniewska:** The impression is that the authorities take critical opinions into consideration quite rarely and rather listen and try to convince those who are already convinced.

**Prof Reykowski:** Currently, this is not a valid judgment. A crowning example of listening to critical opinions and taking them into account is, if only to mention, the fate of a dozen or so laws prepared by the government last year which were directed at the curtailment of independence in the economy. That is when various social bodies brought about the abolishment of this project. And the government withdrew from it.

**Debecki:** Agreed, but we still do not have such a forum where the possibility of articulating critical opinions would exist. At the same time, it is possible to observe the phenomenon of the identification of criticism of government representatives and bureaucracy with criticism of the regime and an attempt against the principles.

**Prof Reykowski:** A question thus formulated describes past reality. After all, in the reports from the meetings of the Advisory Council alone, it is possible to find a very wide range of opinions, criticism, and views different from those proclaimed officially. The economic policy of

the government is subjected to sharp criticism at meetings of the Economic Advisory Council. In my opinion, therefore, a generalization such as that there is no forum at which critical opinions can be voiced should not be made. This, of course, does not mean that some of those at whom criticism is directed do not try to take advantage of this old method of defense and fence with the alleged attack on the principles.

However, it should be recognized that the range of the officially represented stands, e.g., in the Sejm, is too narrow in relation to that which occurs in the political reality of our country. That is why, one of the more important reform tasks is to create the kinds of conditions whereby more political forces, than has been the case thus far, would have the chance to participate actively in public life.

**Debecki:** Professor, the existence of opposition in Poland is a fact. Is it possible for it to function legally and to exert influence on the course of political life?

**Prof Reykowski:** I believe that the reform of the political system must lead to the expansion of the representation about which we talked earlier. There is no reason to exclude the possibility that something new may appear on the political scene. However, there exists a certain problem here. To create the possibility of some type of activity which would not participate in the exercising of authority but would only express its opinions—would not be a good solution. Opposition that has no chance to exert influence on the government becomes irresponsible. After all, the crux of the matter is not to institutionalize demagoguery. Therefore, the question arises not so much as to how to create a new form of representation of differing political views but how to develop the political system so that it would be capable of more efficient functioning. And this question has no clear-cut answer. There were attempts at conducting dialogue with persons from nongovernmental spheres for the purpose of discussing the merging dilemmas. Thus, I must confirm that it is not, at all, easy to make such dialogue come about. That is one of the obstacles.

**Kwasniewska:** Only one? This is how I would describe the situation in which the government in Poland finds itself: in order to preserve governing authority, part of this authority should be given up. Do you agree with this?

**Prof Reykowski:** The term, "give up part of the authority" may offend or disturb many people. However, it has already become clear to people from governmental spheres that socialist goals cannot be implemented through the exercising of authoritarian rule. Effective exercise of authority requires the consent and support of the public. The best leadership is the kind that obtains the broadest approval for its actions. This requires participation in the exercise of power of various social forces.

**Kwasniewska:** Today, we already know that Polish public enemy number one currently are not the opponents of the regime, anarchists but the opponents of the reform. There is no shortage of them in the Center as well. Therefore, since it is said that a fish rots from the head down, should not curative measures be started also at the top, i.e., at the Center?

**Prof Reykowski:** You are suggesting that not only does a fish rot from the head on but also that a fish can be "mended" from the head on.

**Kwasniewska:** Professor, if at the very top there is still a sizable group blocking the reform, then what else can be done other than to get rid of it?

**Prof Reykowski:** I am of the opinion that the best way to improve certain institutions is to begin at the top. A model is, thus, formed which has a bearing on the bottom. This was the purpose of the reform of the Center.

**Kwasniewska:** Was this not much ado about nothing?

**Prof Reykowski:** At the moment, it is not evident whether this reform has produced the desired effects. In any case, I am not able to assess this.

**Kwasniewska:** The government must purge itself of anti-reform elements.

**Prof Reykowski:** It is not only a question of purging antireform elements but also of creating mechanisms that will ensure a high degree of efficiency and effectiveness of government actions. And in answer to the question, "Who is to perfect the central mechanisms?", we may refer to Marx, when he was evaluating the views of the philosophers of the Enlightenment, that society will improve only when its citizens are better educated. The only question is, "Who is to educate the educators?" And the answer given by Marx: "A human being changes and improves himself by making changes in the reality of things." This view has not grown obsolete. It may be presumed that the implementation of the reforms will be conducive to changes in the disposition of the people.

**Kwasniewska:** However, the reality of things is that there is a lack of a good program while the policy of small steps is being used.

**Prof Reykowski:** Rarely has any society achieved something permanent by taking large steps. Frequently, a large step forward has been followed by quite a few steps backward.

**Kwasniewska:** Since we are saying that the model of socialism up to now has been defective, do we at least know what sort of model we want to achieve now? And what assurance do we have that the mistakes made thus far will not be repeated? After all, entire generations have to pay for faulty concepts.

**Prof Reykowski:** I feel that during the postwar period, a specific historical task had been implemented. It led to, among other things, changes in Poland that made it possible for a large social group to emerge that had different aspirations and goals than a considerable part of Poles had 40 years ago. Some call this group the "middle class." Today, it is the motor behind all changes—the social groundwork of reforms.

However, no one can guarantee Poles that in unfavorable circumstances the predominance of forces could result that believe that the only way out for Poland is to return to "classical" solutions. It is difficult to find certain guarantees in the life of societies. These or other mistakes made by politicians; impatience of certain groups, communities or political forces can ultimately lead to a reversal in the trend toward changes.

**Debecki:** The model of socialism up to now has become outmoded. In your opinion, does the model of the leading role of the party also require change?

**Prof Reykowski:** Oh, undoubtedly. This also requires a totally different approach. However, I do not want to expand on this subject in this interview because I wrote about this recently. I do not like to repeat myself. In addition, I cannot do justice to this issue which is of central importance to our political system in a matter of two sentences. Therefore, I refer those who are interested to my article which appeared in this year's first issue of *ODRODZENIE*.

**Kwasniewska:** Practice should have a good theoretical storehouse. A large building cannot be built without strong foundations. And the state of Marxist teachings in Poland is not at its best.

**Prof Reykowski:** That is true. Theory has become stagnant just like various aspects of life have become stagnant. One of the factors which has weakened the state of Polish Marxism was the creation of a stiff corset that restricted the intellectual creativity of those who identified themselves with the concept of Marxism. However, it should not be assumed that this is an inescapable state. This corset is already splitting at the seams and the fact that we now have a situation conducive to open discussions on all subjects creates hope for the revival of Marxist thought. It is my opinion, therefore, that the period of great changes will also become a reviving force for theory.

**Debecki:** Attempts are made to justify many of our misfortunes and problems with our national traits, e.g., laziness, inclination toward anarchy, etc. What does a social psychologist have to say to this?

**Prof Reykowski:** I believe that even the most ardent opponent of the concept of national character will agree that a politician must take into account that which constitutes the specificity of a given people. And whoever ignores this fact will sooner or later run the risk of



political disaster. I would think that many people will agree with the argument that the Germans or the English for example, have to be governed differently than the Poles. Thus, something exists in the collective psyche of the people which must be taken into account when planning how to arrange the life of that nation. It is much more difficult to answer specifically what this is, how to categorize it, what is constant and what changes.

**Debecki:** Thus, you claim that certain tendencies and ways of thinking and acting by the members of a society should be looked for in the defective organization of life...

**Prof Reykowski:** Yes. It is this defective organization that contributes to the formation of specific traits of a collective mentality. People are not just simply lazy or industrious. They differ in the conditions in which they are ready to function productively and actively and, conversely, conditions in which they are inclined to avoid work.

**Kwasniewska:** "A wise Pole, after the fact," so goes the old adage. Despite so many negative experiences, we are still not able to put into practice "early warning" mechanisms that allow the making of changes in time and the prevention of conflicts.

**Prof Reykowski:** In Poland, we simply do not have an institutionalized procedure of expressing disapproval for a group which in the eyes of society has not proved itself. The most frequently implemented practice was the so-called street criterion. It takes great skill to reconcile conflicting goals with social needs. The belief is spreading that one of the goals of the current political reforms in Poland should be the creation of an institution that would be capable of resolving conflicts before they turn into crisis forming situations.

**Kwasniewska:** Do you have an idea of who specifically could create such an institution or at least call it "by name"?

**Prof Reykowski:** In the past, the answer would have been simple: the authorities should take on this task. However, today the answer is not so simple because the creation of such an institution should be the result of the process of "coordinating the views" expressed by various social forces in Poland. There cannot be just one author in this case. This requires debate at the same table. However, at the same time, this means responsibility of the sides participating in this debate.

**Debecki:** There has been much talk recently about a so-called anticrisis pact; about an agreement with very broad social spheres including also those of the opposition. What is your opinion on this subject?

**Prof Reykowski:** The fundamental condition for the sides to communicate and reach an understanding is for them to enter into dialogue in the first place. However,

this barrier has not as yet been overcome. I would like to say this more clearly—currently, it is not easy to find partners for dialogue in nongovernmental circles.

**Debecki:** Probably in every Polish home, the question is asked today: "What are our changes?"

**Prof Reykowski:** Perhaps not so small. Above all, because—as I have already mentioned—a large collective body has been formed which constitutes the social base of the reforms. It did not exist during Gomułka's time and it was not sufficiently strong when Gierek's group was taking over power. Secondly, despite all the difficulties a distinctly proreform orientation has emerged in the government structures themselves. It may be seen at various levels and most vividly at the central level. There are those in state leadership who are fully aware of the need for radical reforms and who take on activity to turn these reform ideas into fact. Third, a favorable international situation has emerged which is conducive to the reforms. We can count on both the support and the cohesion of that which we are doing with that which is being implemented by Gorbachev's administration—that which is taking place in Soviet society. Thus, a certain number of factors are increasing our chances. Anyway, there are more of them. However, this does not automatically guarantee success. Our chances may go to waste. It is possible to become so engrossed in disputes about minor issues, make such mistakes in laying out new directions that in the end everything that we have worked for so long and so persistently will go to ruin. Thus, in perceiving chances, I do not want to take it upon myself to formulate any predictions as to the final outcome. There is no basis for presenting congratulatory optimism. Quite the contrary. Besides chances, there are also dangers. It would be irresponsible to forget about them.

**Interviewers:** We thank you for the interview.

**Liberalization Proponent: Government Withdrawal From Economy Favored**

26000065 Warsaw *KONFRONTACJE* in Polish  
No 7/8, Jul-Aug 88 pp 22-23

[Interview with Janusz Korwin-Mikke, by Jerzy Papuga: "Jerzy Papuga Talks With Janusz Korwin-Mikke, Conservative Liberal"]

[Text]

[Question] You are calling for a liberal social alternative. What range of thought does it represent, and what way out does it propose?

[Answer] Conservative liberalism. In the law quarterly *EDUKACJA POLITYCZNA*, you can read a great deal on the subject, called "ortholiberalism." In Poland the word "liberalism" is usually used to specify the more general phenomenon of "tolerance." But it is not the same thing, after all! As we understand it, the main idea

of liberalism is the understanding of civic political culture which creates maximum freedom and clearly specifies the limits of prohibitions. With a clear conscience I subscribe to Mr Jaruzelski's slogan: "The greater the freedom, the greater the responsibility, and the greater the rights, the greater the obligations." We are struggling to have people treated in a fatherly way, permitting a great deal but severely punishing anyone for going beyond the limits specified, and ending finally with the hypocrisy of a socialism which mothers people by setting up thousands of prohibitions which nobody pays any attention to! Why, there is social permission to ignore the prohibitions...

[Question] The ideas you are proposing as a remedy for this hypocrisy are far from our current experience and are not very concrete.

[Answer] You are mistaken. They are realistic, consistent with sound reasoning, and economically promising. Here is an example. The employer and employee should be able to enter into any sort of work agreement under whatever conditions they themselves alone negotiate. The Labor Code is absolutely absurd, because it is based on the optimistic conviction that a legislator in Warsaw knows better what sort of agreement the steel mill worker, fisherman, or lumberjack should have. Do they have identical working conditions? So people should be able to make agreements freely of their own choosing. Only when they are violated should the state intervene, because it is the state that supplies the legal guarantees. If people strike, they should pay for the losses incurred from the shutdowns! On the other hand, if they do not like their job, they are free at any moment to go to the personnel office and quit.

[Question] From that point of view the "Solidarity" strikes were harmful?

[Answer] As political strikes go, they were useful, because they led to overturning the regime of that time. It is clear that as economic strikes go, they were decidedly harmful. After all, they ran their course outside of any control by the opposition or the government.

[Question] The government did what it could to protect the rest of the economy from degradation and ruin...

[Answer] But nobody listened. And do you know why? Because nobody had an interest in the economy. Nobody listens to a government when it is part and parcel of the conflict and constantly urges people to behave themselves, like a protective mother to her son. If the factories had not been state run, the government would not have been caught up in the conflicts of the labor world. It would become an arbitrator between the employer and the employee. Under the conditions that prevailed in 1980-1981, of course, this was impossible.

[Question] What should the government's role be, if the present direction of reforms in the Polish political and economic system is maintained?

[Answer] Clearly see in the highest authorities the desire to assume the position of such an arbitrator and not that of director. These people have simply had their fill of inefficient government, and they are smart enough to understand that you can maintain strong authority without controlling the economy. That does not hold for bureaucracy at lower levels, but the hardest thing is to convince the opposition of the wisdom of such an approach. The opposition imagines that when it comes into power, it will automatically take care of all the problems. As the events of 1848 in France show, the machinery created to implement reforms is not anxious to be dismantled, although it declares war on bureaucracy. By an unavoidable succession of events, the machinery turned into a bureaucratic giant. Despite this lesson, a large part of the opposition is trying to have its own government and state machinery, in order to implement all the changes it has declared. Lem described this paradox magnificently in his story about Pinka and Panka.

[Question] The liberals hold the buffer zone between the authorities and the opposition. Some say that they are no longer in the opposition, although they are still not acting officially. Some of the liberal ideas have been borrowed from you and used in the "Hypotheses of the Second Stage of the Economic Reform." Does the direction of these reforms coincide with your goals?

[Answer] Yes, surely. They are almost word for word, although they certainly are not intentionally a repetition of part of our 1978 program, but we think that this is a bad method. If what is left of the old system remains, for example, in the form of milk subsidies, then it will later turn out that you have to subsidize cows, and then because of the cows, fodder too, and so on. The very subsidizing of milk will eventually paralyze the whole economy. In order to get over to the other side of the barricade, we need drastic political action!

[Question] Given the clear liberalization, does your group want to join official political and economic life?

[Answer] Today there are no particular barriers, nothing especially standing in the way. In my view it is entirely reasonable for a political system to require that certain internal and external restrictions be adhered to. Real influence is more important for us than purely organizational connections. The changes occurring in Poland are not the result of constitutional reforms. The spirit of the times has changed. It is time to work for liberalization. If you had interviewed a bureaucrat 20 years ago and then again today, you would notice what a great difference there was in his mentality. Before, there was no respect for private property. Things were nationalized right and



left. Today that same bureaucrat will tell you that you mustn't touch that, because it is private. And this is not the result of some sort of training. It's just the spirit of the times!

[Question] Do you see realistic social alternatives among other splinter groups of the opposition?

[Answer] I do not see realistic alternatives. These ideas which are appearing remind me of the views of Bentham, who said that the largest number of people should have the greatest happiness. Fine, only how do you divide it up, and how do you measure it? Alongside a free market, the Christian Democrats are proposing a trustworthy caretakership, or are coming out for an institutionalized method. Where would it all end? In place of secretaries there would be priests, which in no way means that the regime would become economically more productive. The other pole, the so-called leftist opposition, is in favor of self-management, but inasmuch as the workers will not be the owners of the factories, only the leaseholders, the enterprises will be run into debt and ruin, as in Yugoslavia, only with the difference that the government in Poland knows how much it owes abroad, while in Yugoslavia no bank even controlled the credit being incurred by the self-management teams. It was not until a year ago that any estimate of the debt was made! The leaseholder, after all, always has the tendency to destroy the assets, inasmuch as they don't belong to him. He always acts with the idea of increasing not the money put into the assets but the money taken out in payment to himself. And this is understandable. Reforms must be conducted using tweezers, not a crowbar.

[Question] You are calling for the liberalism of "the state as night watchman"?

[Answer] The present inclinations toward the side of liberalism must go further. Part of the authority of that "night watchman" must be given over to the citizenry. Why not a municipal police maintained out of citizens' taxes? In the Grojec area there are rich business people living in expensively furnished houses, but in Monki there is perhaps only one such house. The Citizens Militia, or MO, provides equal protection to both, although everyone knows that the people in Grojec feel more subject to attack by robbers. The MO should provide greater protection for Grojec, by putting five times as many policemen out there, but why should you and I have to pay for them out of our taxes? They should be paid for by the people involved, citizens who are richer than we are. Let them take care of their own security! The Sejm should pass a resolution that the parish (gmina) has the right to set taxes, for example, by a two-thirds majority vote.

[Question] You are an advocate of broadly based municipal activity. How do you justify this need?

[Answer] We think that each region and locality should be supported out of its own taxes. The town of Jozefow turns over several billion zlotys in taxes to the state treasury, but it cannot get 100 million zlotys spent on building the asphalt roads it wants. This is plain robbery. Here is a paradox: Mrs Sawa, who does business in that town on a grand scale, had to drive around carrying precision equipment through shifting sand.

[Question] Do you predict the appearance of liberal economic organizations in Poland, getting out of the basement of the Liberals Office and setting up liberal periodicals?

[Answer] We operate on a semiofficial basis. We do not violate the law, but we do battle consistently with a whole bunch of bureaucratic barriers. We exist in sort of a gray area, but we do not blame the authorities. Mr Marcin Krol broke down one barrier. We are going to break down another. The Economic Society, which received permission to operate, is an initiative we support. I want to bring into it an Association of Private Real Estate Owners and an Association of Private Trade and Services. They could be very aggressive organizations.

[Question] Is the Economic Society to become today's "Leviathan"?

[Answer] That's an exaggeration. The Polish private economy does not exceed 40 percent of the actual volume of production (I take that to be the volume of production after removing subsidies, because if the factory produces a deficit, it really does not produce anything). This is still not Leviathan. It does not come into being until our private economy will provide 70 percent of production. On the other hand, the Economic Society has a free-market program. It is a forum for the exchange of ideas and views. It would be a bad thing if it went over to forcing privileges for the private sector onto the state. In Poland there is the predominating conviction that the private sector is in favor of a free-market economy. It is not so good, when the market is licensed. Anyone with a license is an enemy of the free market, because competition is inconvenient for him, inasmuch as he has agreements!

[Question] So then who in Poland is an advocate of the free market, besides, we should understand, the liberals and the Economic Society?

[Answer] Nearly everybody is against it! In this country there is no majority coalition of groups advocating a free market. The government should be strong enough to run a free market just to spite everybody! I add that I decidedly reject democracy when it means interest group games. Let us take a million males divided up into parishes. When asked about a prohibition, the overwhelming majority will come out in favor of one. When these same men are asked in factory work brigades, they will come out in favor of having the vodka outlet open

and as close by as possible. When asked individually, they will say quite seriously that if a person is going to drink, nothing will stop him, while another will not drink, even if he is given the vodka free. As you can see, voting in groups does not make any sense. In a group, a person does not think, or, rather, he does think, but collectively.

[Question] You are calling for the government to get out of the economic game. So who will create the free market, inasmuch as everyone is opposed to it? Do you believe in a self-regulating mechanism to set up a free-market economy?

[Answer] The government, as not being directly involved. The present situation of state control is now in a condition of stable balance and cannot shift to liberalism on its own. This must be done by a strong government which has the support of wise citizens. I don't care about the others. A certain problem arises out of the large, profitable workplaces (the ones operating at a loss are no problem). I see another danger here. The matter may crash as the result of adverse ownership relations. Profit is to fuel the reform. Who will risk investments of money that is after all not his own, inasmuch as it can be allocated for expenses? The workplace must belong to the people employed in it. There is no reason to worry that they will hold most of the stock. Their votes will be dispersed, after all. It is also an exaggeration to worry that the party will lose power once it is deprived of the opportunity of running the economy. After all, it has the machinery of force in its hands.

[Question] Can Polish youth afford to create a political elite to assume power and consistently work for liberal ways?

[Answer] It can afford it even better than the younger generation of other nations. But where is this elite supposed to meet? What sort of social forms should be encouraged? Who should be gotten together? There is no doubt that one can notice a decline in club culture in Poland. Young people do not really have any place where they can hold their discussions. They are also afraid of political statements. A club of liberal youth must gather the elite, and the public must wait to be invited to join. Unfortunately, there is no such place... Certain examples of youth initiative which have already gained approval in their own spheres should be moved to other more elegant surroundings.

[Question] What are the chances for Poland's successful development?

[Answer] If the world political situation favors liberalization, I predict exceptionally successful times for Poland. It has a rather fortunate situation with contact with two cultures, giving it better chances of the flow of ideas, people, and goods. But if we march in place, Poland will become a Skansen Museum, where people

will live an idyllic, angelic life of poverty! I am an optimist. Things are going in the right direction for us to be able to see that they don't go to the dogs.

#### Defense Committee Meetings Note Growth in Social Problems

26000053e Warsaw RZECZPOSPOLITA in Polish  
27-28 Aug 88 p 2

[PAP report: "Voivodship Defense Committee Deliberations"]

[Text] Voivodship defense committees deliberated. In Piotrkow, Jelenia Gora, Olsztyn, and Kielce the sociopolitical situation of the regions was evaluated along with the state of public order and adherence to legality and discipline. The committees adopted the necessary decisions and proposals to assure order and counteract the growth of negative social phenomena.

Problems of market supply, especially as regards staple consumer goods, were the subject of sessions of the Krosno and Rzeszow voivodship defense committees. The supply situation in Rzeszow Voivodship was criticized for being worse in many respects than indicated by the material resources and productive capacity. In this connection it was pointed out that the plan for milk procurements was overfulfilled but at the same time there is a shortage of many dairy products—kefir, cottage cheese, yellow cheeses, and sometimes butter. The productive capacities of bakeries suffice to meet fully the local demand, but nevertheless bread lines often form.

The decisions made on these matters are intended to streamline the supply of staple foodstuffs to the population.

#### Szczecin Voivodship, Bishops Meet

26000053d Warsaw RZECZPOSPOLITA in Polish  
25 Aug 88 p 2

[PAP report: "Meeting of Szczecin Voivode With Diocesan Bishops"]

[Text] On 24 August the Szczecin Voivode Stanislaw Malec met with auxiliary bishops of the Szczecin-Kamien Diocese Jan Galecki and Stanislaw Stefanek. The Voivode briefed the representatives of the Diocese on the current sociopolitical situation in this country and region.

The reverend bishops presented to the Szczecin Voivode the church's position as expressed in the pastoral letter of the Ordinary of the Szczecin-Kamien Diocese Bishop Kazimierz Majdanaki.



## PZPR Voivodship Plenums Reported

**Socialist Democracy Development**  
26000067 Warsaw TRYBUNA LUDU in Polish  
3-4 Sep 88 p 2

[Article by Zbigniew Kilar: "Jelenia Gora: Improvement of Coalition System of Exercising Authority"]

[Text] (PAP) Participants attending the PZPR Voivodship Committee Plenum in Jelenia Gora were greeted on 2 September, with the slogan "There is no freedom without responsibility." They had gathered to discuss the echelon tasks implied by the resolutions of the Eighth Plenum of the PZPR Central Committee.

It was emphasized at the plenum that because the party has initiated reforms, it should be at the forefront to lead in their implementation, because only then can it gain broad social support. We must also build up our system here, in order to expand socialist democracy. This rebuilding will bring with it difficult, complicated problems, such as improving an authentic coalition system of exercising authority and permitting other social and political forces to bring their influence to bear in the course of affairs, and respecting the political consequences of the fact that there is a variety of views and orientations in our society.

**Regulations Still Hamper Reform**  
26000067 Warsaw TRYBUNA LUDU in Polish  
3-4 Sep 88 p 2

[Article by Jerzy Rybczynski: "Sieradz: Reform Must Continue"]

[Text] (PAP) "During the time that the regulations have been describing the enterprises as being independent, our company has been having up to 40 control audits a year run on us, Jan Oglozinski of the Lask Engineering Construction Enterprise said today at the PZPR Voivodship Committee Plenum in Sieradz. He added that he had lost confidence in the meaning of the statement that anything not prohibited by the regulations was permitted, because it is the great excess of strict regulations that is interfering with ingenuity and the progress of the reform. The rest is accomplished by taxes that eat up most of the profits and by reporting requirements, which take up the time of most of the people employed in accounting. As a result, enterprise management faces a dilemma: to realize the ambitious goals of the reform or to adhere scrupulously to the regulations that apply.

Delegates who had attended a prior voivodship-level party reports and elections conference were invited to the Sieradz plenum. In the course of the plenum, both during the address and during the discussion, there was a great deal of talk about the efforts the party echelon was planning to undertake following the Eighth Party Plenum, given the voivodship's current socioeconomic situation, and about preparations for the next national

conference of PZPR delegates. It was stated that there were no dangerous conflicts or illegal actions in Sieradz Voivodship in August, although the society was fearful about the fate of the reform and the country. Alongside the pessimistic elements there were also voices of optimism. For example, Albin Gajda, a teacher from Lask, said that although the situation was difficult, he was happy that an atmosphere was maturing to destroy the barriers blocking the march of the reform.

The plenum adopted a resolution stating the desire to continue a policy of social renewal, reform of the economy, democratization, and understanding.

**Ostroleka: 'Open Microphone' Session**  
26000067 Warsaw TRYBUNA LUDU in Polish  
5 Sep 88 p 7

[Article by Witold Sawicki: "PZPR Voivodship Committee Plenum in Ostroleka: Concrete Issues Are All That Matter"]

[Text] This Voivodship Committee Plenum was different from the previous ones: the scenery, the temperature of the deliberations, and the genuineness of the presentations, usually without a "card" or microphone. There were no speeches, no arbitrary assessments, no prescriptions for success, no wishes addressed to the "top." The discussion, during which 27 party members took the floor, proved that these are new times. People said frankly what should be done and who should be responsible.

At the PZPR Voivodship Committee plenum on Saturday in Ostroleka, there was a predominating tone of straight talk concerning concrete issues of party life as a force for change, about the effectiveness and efficiency of party work, and about maximizing its effect, and there was no lack of arguments and retorts.

It was agreed that each party echelon and organization should proceed right away to handle the most urgent tasks implied by the resolution of the Eighth Party Plenum. The implementation of these tasks will be noticeable to the group most immediate to the problems. Today all that counts are effectiveness, concrete actions, and results, not long-range programs.

It is essential to break down thinking of the type: What will I get out of belonging to the party? According to Bogdan Kolbacz, chairman of the WKRR, an extreme response should be: It is mainly responsibilities that you will get out of belonging to the party.

In the opinion of Kazimierz Kozakowski, First Secretary of the Parish (Gmina) Committee in Jednorozec, society sees the strength of our country to lie in proper action taken by the state and economic administration. The society wants strong, effective officials who foresee the

development of events (for example, depletion of market shelves). It is a question not of how much the administration works but how it resolves people's problems, how it treats the citizen.

It was pointed out that economic and social inconsistencies lie at the heart of the conflicts. Legal barriers still cast their shadow so often, holding back ingenuity and initiative. What are needed here are not appeals but concrete actions.

The many hours of debate at the voivodship party plenum in Ostroleka should result in innovative action showing that party members in Ostroleka know not only how to talk about what is holding things back and slowing them down but also how to improve and upgrade certain realms of party work. It must take on systems and areas of inability and break through the "bottle necks," especially in the economy and in commerce.

Jerzy Glowacki, First Secretary of the Voivodship Committee, who chaired the deliberations said: "For this to happen, it must touch all party organizations. We are quite rightly calling for personal responsibility. Let us therefore be ready to accept it also for ourselves."

**'Socialization' of Party Hierarchy**  
26000067 Warsaw TRYBUNA LUDU in Polish  
1 Sep 88 p 6

[Article by Jacek Swidzinski: "Events of the Day, Information: PZPR Voivodship Committee Plenum Convened in Slupsk—Bridgehead of Transition"]

[Text] Nearly 300 people gathered at the Slupsk Voivodship Committee building, on 31 August. Why? For the first PZPR Voivodship Committee Plenum following the Eighth Central Committee Plenum. Many guests were invited, including people outside the party.

This plenum promised to be a historic one. At the outset, Voivodship Committee First Secretary Zygmunt Czarzasty promised drastic changes in the working of the voivodship party echelon. I shall, therefore, begin by presenting the resolution that was adopted, because it seems most significant.

#### **The Party's Ability To Accept the Challenges of the Times**

The resolution bears the title: "On a New Model for the Operations of the Party and the Functioning of Economic Units in the Voivodship." The resolution contains the following statements:

"We think that allowing all those who are concerned about Poland to share in decisionmaking concerning the development of the country is an indispensable condition to effective leadership. This end will be facilitated by party functioning based on groups of PZPR members and candidates operating in the various organizations

and institutions. The departmental structure of the Voivodship Committee, which has remained basically unchanged for decades, should be relinquished. We propose having a smaller group of regular paid Voivodship Committee employees with specialties in various areas support on a working basis the activity of the social commissions and groups, which should be reconstituted. These commissions and groups should consist of people outside the party as well as party members, competent representatives of their constituencies, as well as invited representatives of other parties. The commissions and groups would handle concrete socioeconomic and political problems of the voivodship, assess the implementation of party policy, and, in the interest of the society in Slupsk Voivodship, plan the line of development and take part in personnel development.

"... The economy's basic task is to increase the supply of goods and services. There are many roadblocks to this goal: excessive unstable economic regulations, inadequate flexibility on the part of credit institutions, disjointed tax policy, shortages of raw materials, and so on.

"... Let us endow the reform with new content and give people the opportunity to make something extra and satisfy their creative and professional ambitions. Finally we must get to the point where the citizen's interests coincide with those of the nation.

"... We therefore propose that enterprises become independent in the following areas: setting the wages of their employees, including managerial personnel, and using employment reserves, especially pensioners and retired employees, without any restriction on their income. In addition, we consider it essential to lower income, investment, and social security taxes. The enterprises should be relieved of tax obligations and budget contributions in these areas: the tax on paying salaries in excess of the standard, funds to service foreign debt, science and technology, investments, and depreciation.

"In implementing these solutions, we will use the whole range of regulations in the present laws on state enterprises, employee self-management groups, and trade unions. In order to extend the principles of the 'construction experiment' to other sectors of the economy, it will be necessary to achieve within a year an increase of 10 percent (in fixed prices) in the sales of locally produced products and services.

"... Let us call on the PZPR Central Committee's Politburo to accept the proposals related to introducing a new model for party activity and the functioning of the economic units in the voivodship."

Borys Drobko, secretary of the Voivodship Committee, presented an executive board address, which expanded upon the proposed changes. He said that the decisions adopted by the Central Committee at the Seventh and Eighth Party Plenums created the conditions for shaping



a qualitatively new socioeconomic situation in our country. They also opened up a new stage of political reforms. This situation will have a decisive impact on the whole shape of party activity in the immediate future.

In this connection, the speaker presented two basic directions of action: the socialization of the party and the freeing of initiative and ingenuity in the economy.

Andrzej Czarnik, chairman of the PRON Voivodship Council, was the first to take the floor in the discussion. He admitted that many opinion-making groups were still not in the scope of PRON. The speaker saw the promise of forward movement in creating a coalition of forces in favor of the reform in the changes proposed for a model of party activity in the voivodship and also in Jozef Czyrek's earlier presentation to the Eighth Central Committee Plenum, concerning the need to pursue a new formula for PRON.

When nonparty member Zbigniew Miczkowski, deputy director of the WPK in Slupsk, spoke, he was greeted with great enthusiasm. He recalled his personal experience at the end of the last decade and the beginning of this one. Then he expressed the conviction that this experience would not be repeated. He supported the idea of socializing the work of the party echelons. He even announced his own initial accession to the party, provided he did not have to work with people who had long ago been compromised. In his opinion, the proper selection of people is the key to the success of the new model for coexistence of the various political and social forces.

The will to rebuild the style and methodology of party work was evident in many statements made by people after this. People talked about the declining participation of workers and young people, and about the weakness of the basic party organizations in rural areas. The socialization of the party, the creation of commissions and ad hoc groups to deal with special problems in place of the previous departments of paid employees, and the attraction of nonparty members to share in their work will provide the stimulus for bolstering political activity.

#### **The Slupsk Experiment Is Working**

The results from the first half of this year are placing our voivodship in all respects above the national average, according to Jan Ryszard Kurczyk, Slupsk Voivodship Governor, but he said that money, more money, and still more money is needed.

Slupsk Voivodship is known for its experiment in housing construction. Jerzy Pudlowski, director of SPB, spoke extensively on this subject: "In 1983, when the new model of housing construction began to operate, there were 6.1 new apartments built per 1,000 inhabitants, compared to 5.1 nationwide. In 1987 the indexes looked like this: 7 apartments in Slupsk Voivodship, compared to the same 5.1 nationwide. This year the ratio will be 7.1 to 5.3. And Voivodship Committee First Secretary Czarzasty wants to get the index up to at least 8 and then to 10 new apartments per 1,000 inhabitants."

Success in construction matters is encouraging the activist group to extend the experiment to the other sectors of the economy. This is seen as an opportunity to stimulate people, especially young people, who were mentioned by Jan Ponulak, First Secretary of the Town and Gmina Committee in Miastko.

In his remarks, Mieczyslaw Krawczykiewicz, director of the local branch of the National Bank of Poland and simultaneously a member of the Socioeconomic Council, was very critical of the central economic authorities. In his opinion, the tax policy was crushing good enterprises, while the poor enterprises were the recipients of benefits and subsidies. Centralized management by directives continues to exist, and this practice also applies to the realm of credit. The speaker stated the need to retain financial resources within the voivodship.

Stanislaw Gebala, deputy chairman of the Planning Commission of the Council of Ministers, was next to take the floor. He supported innovation in party activity and pointed out the relationship between the country's economic condition and the conditions of party work. Then he presented various aspects of the current economic situation, such as the fact that the growth rate of production for the market was half that of overall industrial production. He also defended the stabilization tax as an instrument for encouraging the mobilization of direct reserves still untapped in our economy.

The plenum recalled Andrzej Szczepanski from his position of Voivodship Committee secretary, in connection with his transfer to another job, and accepted the choice of Stanislaw Nisiewicz to replace him.

Boguslaw Kedzia, director of the PZPR Central Committee's Department of Science, Education, and Technical Progress, was among those attending the deliberations of the Voivodship Committee Plenum in Slupsk.

## GERMAN DEMOCRATIC REPUBLIC

**Fishery Agreement With Mozambique Signed**  
*AU0811123988 East Berlin NEUES DEUTSCHLAND*  
*in German 5-6 Nov 88 p 2*

[Text] Maputo (ADN)—On Friday [3 November] in Maputo, at the conclusion of this year's session of the Fishery Subcommittee of the Joint Economic Committee, the GDR and Mozambique agreed on the continuation of their successful cooperation. The 1989 work protocol was signed by subcommittee chairmen Klaus Borkmann, GDR deputy minister of Bezirk-administered industry and foodstuffs industry, and Joaquim Tenreiro de Almeida, Mozambican state secretary for fisheries. Among other things, the protocol envisages the use of GDR ships for fishing in Mozambique's waters, for supplying the population of both countries, and for training Mozambican fishery cadres. Together the chairmen of the subcommittee visited the GDR research ship Ernst Haeckel in the harbor of Maputo, which is currently commissioned to study the fish stock off Mozambique's coast.

## HUNGARY

**Hard-Currency Restrictions To Be Eased for Enterprises**  
*23000023b Frankfurt/Main FRANKFURTER*  
*ALLGEMEINE in German 4 Oct 88 p 14*

[Article by J.H.: "Hungary Eases Restrictions on Foreign Exchange/Substantial Devaluation of the Forint Possible/Improved Current Account Balance"]

[Text] Budapest, 3 October—In the future, Hungarian enterprises will be able to bid against each other for foreign exchange currency at auctions. Such exchange markets are designed to interest enterprises increasingly in trading their hard currency income. Until now, hard currency income was paid out in forints and when hard currency was needed it had to be obtained through tedious bureaucratic authorization procedures.

Hungarian economic experts speculate that a more relaxed foreign exchange market will lead to a considerable devaluation of the forint. Negotiating parties in Budapest prefer this decision to an already agreed upon devaluation of the forint by 10 percent in respect to the transfer rubel to take place 1 Jan 89 mainly because it helps diminish the influence of planned economic traditions. At first, the government insisted on a revaluation within Comecon to reduce unprofitable exports to the East, but finally it gave in to pleas by state enterprises with a persistent negative balance.

Economic tensions within Hungary have decreased since the economic upswing in the West. The current accounting balance of the relatively highest debtor country in Eastern Europe has improved considerably in the first half of 1989 and is expected to show a \$700 million

deficit in foreign exchange by the end of the year. This number is larger than targeted by the economic planners of the Grosz administration (by \$500 million), but still considerably less than in 1987. The Hungarian National Bank quotes a foreign exchange deficit of \$468 million for January through July—compared to \$812 million in 1987.

To finance this deficit, to meet interest payments and to retire its foreign debt (according to Western estimates a sum of about \$18 billion), Hungary will need about \$3.2 billion this year. A conversion of these debts is not acceptable to the National Bank and its director Gyorgy Zdeborsky finds it irresponsible to "even discuss such a possibility."

Hungary's foreign trade balance has improved by \$500 million during the first 8 months of 1988 as compared to the same time last year. Trade Minister Josef Marjai expects a surplus of \$ 250 million by year's end.

## POLAND

**ZYCIE GOSPODARCZE 'Briefs' Columns**  
*26000090 Warsaw ZYCIE GOSPODARCZE in Polish*  
*No 36-41, 4 Sep-9 Oct 88*

[Reports: "Last Week"]

[No 36, 4 Sep 88 p 2]

[Excerpts]

### In Poland

The PZPR CC Politburo held a meeting. Among other things, it outlined conditions for the effective implementation of the resolution of the 8th Plenum in the economic field. It supported the initiatives for increasing further the participation of working people in managing enterprises. With a view to this end, among other things, agencies of the state administration should eliminate various obstacles to the development of employee self-management. In particular, self-management of workforces in mines should be expanded. The operation of party organizations and echelons should lend powerful support to overcoming bureaucratic barriers restricting the inception of economic operations, innovations and industriousness.

On 29 August, the Council of Ministers, chaired by Prime Minister Zbigniew Messner, reviewed the suggestions for the operation of the government and its organs, following from the proceedings of the 8th PZPR CC Plenum. The Council of Ministers resolved to prepare a plan for consolidating the national economy before 15 November of this year, to intensify efforts aimed at increasing the supply of goods, to take steps to ensure clarity in settlements between enterprises, and to inspect the internal structure of ministries and offices again. A



package of executive acts for the law on land management and real estate expropriation and on the law on territorial planning was adopted.

As the Press Bureau of the Government communicated, the Council of Ministers resolved not to take advantage of its authority to freeze prices and wages, envisaged by the law of 11 May of this year. The government appealed to the directors and self-management bodies of enterprises for respecting the price and wage restrictions and to the trade unions and workforces—for showing understanding of the need for such discipline as a way to reduce inflation and disequilibrium in the market.

Between 23 and 26 August, the proceedings of the 16th FAO Regional Conference—the UN Food and Agricultural Organization—took place. It was attended by the ministers of agriculture (or their representatives) from European countries, as well as Israel and Turkey. Among others, representatives of Canada and the US took part in it as observers. Members of the FAO leadership were also present. Prospects for the development of agriculture and rural areas of our continent until the year 2000 and issues of integrating efforts in the protection of the environment and natural resources were discussed. A program of FAO activities for the next 2 years in the European zone was adopted.

On 27 [August], the 5-day proceedings of a conference of the International Law Association (ILA) came to a close. Representatives of science and practitioners in various fields of law and contemporary international relations as well as personalities from the world of finance and economy from several dozen countries took part in the conference. The most significant issues in the theory and practical application of the norms of international law were discussed. Prof Dr Jerzy Makarczyk, deputy director of the PAN [Polish Academy of Sciences] Institute of the State and Law, was elected to become the new ILA president.

On 1 September of this year, the law on the comprehensive duty to defend the PRP, amended in July of this year, took effect. Among other things, the law provides for new arrangements with regard to alternative military service, including those for prosecution of persons evading this service.

#### Abroad

Du Xianzhong, Lieutenant Governor of Heilongjiang province, which borders on the USSR, announced that the value of the border trade between this province and the USSR is expected to come to 300 million Swiss francs. The turnover by this province accounts for approximately 60 percent of the entire turnover of border trade between the PRC and the USSR expected for this year.

Statistical data indicate that last year the population of Romania grew only by 109,000 persons, whereas between 1965 and 1987 it increased by 4 million, growing at an average annual rate of about 181,818 persons. The average increment of population between 1951 and 1985 amounted to 1 percent, between 1966 and 1986—0.9 percent, whereas in the last 2 years—0.5 percent. The first half of the current year confirms that the low birth rate is holding.

Workers and clerical personnel of a soft drink plant in Almalyk, an industrial center in Uzbekistan, became the owners of the plant. They took advantage of the right given by the economic reform implemented in the USSR and leased the unprofitable enterprise.

This year, Yugoslavia will be able to export one million tons of wheat, provided that the forecast calling for harvesting 6 million tons this year comes true. Thus far, a record amount of wheat has been procured—3.8 million tons, whereas the demand of domestic trade until the end of this year is estimated to be 3.3 million tons. From this year's crop, 200,000 tons of wheat have already been sold to European countries at \$125 to \$128 a ton. It is indicated that sales of 500,000 tons of wheat this year would yield \$65 million for Yugoslavia.

According to preliminary data, this year's plan for producing grain and corn in Bulgaria will not be fulfilled. The task of harvesting over 10 million tons of grain turned out to be unrealistic, despite the agrometeorological conditions being decidedly better than last year. This year's harvest of grains is estimated to be about 5 million tons, and projections for the corn harvest call for about 3 million. The average yield of corn is estimated to be around 40 quintals per hectare. Compared to last year, when a total of 5.5 million tons was harvested, this year's harvest amounts to a significant achievement. Statistical data indicate good harvests of vegetables and fruit, which, however, is not confirmed by supplies in the market.

Negotiations on setting up the first agricultural partnership in Bulgaria with the participation of FRG capital are drawing to a close. It is expected that, over the next 5 years, wheat, barley, corn, beans and alfalfa will be planted on 30,000 hectares belonging to the Lenin Agroindustrial Complex in Razgrad province with the use of German machinery and technology.

The Balkanturist Foreign Trade Association expects, on the basis of preliminary calculations, that this year the tourist season in Bulgaria will be a record one. The most tourists came from the FRG—15,000, from the USSR—12,500, from the GDR—6,100 and Sweden 3,100. Tourists from Belgium, France, Greece, Spain, the Netherlands, Yugoslavia, Italy and some Arab countries also came to Bulgaria.

The British exports of wheat to some socialist countries declined precipitously in the last year, reported the British state agency HGCA. Sales to the Soviet Union, which came to 1,272 million [sic!] tons, fell to only 142,000 tons. A similar precipitous decline was registered in exports to Poland—from 376,000 to merely 93,000 tons. In the case of Bulgaria, the reverse occurred, though the scale of purchases was very small. That country, which previously was not actually a client of Great Britain, purchased 144,000 tons in the 1987/1988 season.

The chairman of the French concern Total CFP, former chairman of the EEC Commission, Francois-Xavier Ortoli, announced that large West European enterprises "are rallying in support of the common currency unit in (Western) Europe." They even set up a special association for this purpose, headed by the Philips Chairman, Cornelius van der Klugt, and intended to draw into it medium-size and small EEC companies as well. The association cooperates with the committee for the currency union. The broadest possible switch in settlements to the ECU [European Currency Unit] is one of the forms of struggle.

[No 37, 11 Sep 88 p 2]

[Excerpts]

#### In Poland

The OPZZ [National Trade Union Accord] Council appealed to the [Sejm] deputies for a vote of no confidence for the government.

On 31 August, a meeting between Gen Arms Czeslaw Kiszczak and Lech Walesa was held in Warsaw. Bishop Jerzy Dabrowski and Stanislaw Ciosek took part in the talks. Prerequisites for organizing a roundtable meeting and the mode of holding it were discussed. Czeslaw Kiszczak also met with the Chairman of the PRON [Patriotic Movement for National Rebirth] National Council Jan Dobraczynski.

On 3 September, strikes ended at the Port of Szczecin and the July Manifesto Hard Coal Mine in Jastrzebie, where Lech Walesa had been holding talks since 2 September. Earlier, on 1 September, a strike ended in the Stalowa Wola Steel Mill, and on 2 September—at the Maritime Commercial Port in Gdansk. The strike at the Gdansk Shipyard ended following an appeal by Lech Walesa made after a meeting with Gen Kiszczak on 31 August 1988.

The Special Commission of the Sejm completed its deliberations. The commission was set up in order to evaluate the economic situation and the government's methods of controlling and managing the economy.

Wojciech Jaruzelski received OPZZ Chairman Alfred Miodowicz. With regard to the proposal to convene "a round table," it was stressed that this is the way and yet another opportunity for understanding in the matters of the people and the state. Representatives of trade unions should join in this debate vigorously, taking into account the stand taken by Alfred Miodowicz at the 8th PZPR CC Plenum.

The events of recent weeks, resolutions of the 8th PZPR CC Plenum and conditions and opportunities for expanding the national understanding were the subject of meetings between representatives of the party and state leadership with representatives of workforces in various regions of our country. The government plans and the reform outline contain a lot of various initiatives. However, their implementation is failing—this is the main conclusion from the discussion held at a meeting between Politburo member and PZPR CC Secretary Wladyslaw Baka and representatives of the workforce of the Elana Chemical Fiber Plant in Torun.

At a plenary meeting on 31 August of this year, the NK ZSL [Chief Committee of the United Peasant Party] evaluated the sociopolitical and economic situation and outlined the tasks of the party for the immediate future. It was stressed that the situation in Poland is now ripe for major decisions. Elaborating on this idea, member of the NK Presidium, Prof Mikolaj Kozakiewicz, stated that radical moves of an economic nature are needed. Meanwhile, something bad is happening here, because we think about our own needs, and group needs, but not about Poland.

On the occasion of the anniversary of the start of World War II, Jan Dobraczynski, chairman of the organizational committee for celebrating the 50th anniversary of the start of World War II, issued an appeal, which, in part, reads: "The year 1989, is the year of the 50th anniversary of the start of World War II, 45th anniversary of the Warsaw Uprising, 45th anniversary of the battle of Monte Cassino and large guerilla battles. The coming year 1989 should be acknowledged as "The Year of the Poles"—so many of our memories and tokens of remembrance, painful and beautiful, are focused on it, so many great expectations and equally great impulses are associated with this date."

On 31 August, on the 8th anniversary of the August accords, bouquets of flowers were laid in Gdansk and Gdynia at the memorials to shipyard workers.

Deputy Prime Minister Zbigniew Szalajda met with the miners of the Piast Hard Coal Mine. This meeting was announced in a letter from Z. Szalajda to the miners written in response to a telex sent by the party organization of this mine, concerning the wording used by the deputy prime minister with regard to remunerations for work of mining crews on Saturdays during the recent televised meeting with the employees of the M. Nowotka Mechanical Enterprise in Warsaw. As J. Urban [Press



Spokesman of the Government] communicated, Z. Szalajda apologized to the miners for the unfortunate wording, which was offensive to them.

The Board of the NSZZ of Employees of Sulphur Mining and Processing of the Siarkopol Sulphur Mines and Processing Enterprises in Tarnobrzeg resolved to initiate a collective dispute with the government of the PRP, demanding the cancellation of the executive order by the Council of Ministers (No 24 of 1 August of this year) on merging state enterprises. According to this order, three separate enterprises were to be merged into one: the Siarkopol Sulphur Mines and Processing Enterprises in Tarnobrzeg, the Siarkopol mines and sulphur chemicals enterprises in Grzybow and the Siarkopol Chemical Raw Materials Processing and Shipping Enterprise in Gdansk.

Seven million students started a new school year.

Improving market supplies, including the aspect of using local resources; issues in housing construction; streamlining and simplifying the procedures for serving the citizen; the operation of public services—these were the main problems touched upon at a conference of voivods, chaired by Zbigniew Messner. The conference was held pursuant to the Monday decision of the government to transfer the tasks, which resulted from the resolutions of the 8th PZPR CC Plenum, to the local state administration. Discussing the current socioeconomic situation, the chairman of the Council of Ministers stated, among other things, that the disquiet and strike actions in the country influence the social mood significantly. These actions are political in nature, but they also result, to a large degree, from a difficult economic situation. The analysis made suggests that many issues could be solved where they arise by, among other things, streamlining the operation of the state and economic administration.

On 1 September, Human Rights Ombudsman Prof Ewa Letowska received representatives of an approximately 100-strong group of miners from The July Manifesto mine, who forwarded to her a letter asking to undertake, as quickly as possible, measures aimed at ensuring their inalienable right to work. Said A. Skop: "We wrote this letter because we did not want to remain passive any longer, we could not tolerate the stalemate in our mine indefinitely. We want to go to work, while someone not associated with mining continues to dictate what to do to us and our fellow workers." In her response, Prof. E. Letowska stated, among other things, that she "does not find a violation of law by commission or omission on the part of state agencies and sluggishness in the actions of authorities associated with the application of the regulations resulting from the law on trade unions; subsequently, there is no need for the ombudsman to take up the matter."

In the evening of 31 August, an MO [Citizens Militia] officer suffered a gunshot wound to the head in the line of duty at the compound of the Stalowa Wola Steel Mill.

He was admitted to the hospital in serious condition, and died there on Thursday morning. It has not been ruled out that the gunshot wound could have been the result of a suicide attempt induced by a breakdown under the pressure and psychological terror brought to bear by the strikers.

#### Abroad

The GDR is striving to attain a surplus in trade with the FRG with a view to reducing in this manner the debt, which at the end of 1987 came to DM 4 billion. Since this cannot be achieved through increased exports, writes BERLINER MORGENPOST, purchases from the other German state are being reduced precipitously. In the last half year, deliveries to the GDR from the FRG declined by as much as 15 percent, from DM 3.72 billion to DM 3.14 billion, and imports from the GDR by 6 percent, coming to DM 3.61 billion.

The UPI reports from Shanghai, quoting local bank officials, that spreading rumors about forthcoming sharp price increases have prompted the inhabitants of this city to withdraw their savings en masse from the banks, which is the largest phenomenon of this kind since the emergence of the PRC in 1949. "The inhabitants of Shanghai are concerned about price increases, therefore, they withdraw their money and purchase goods," stated the chairman of the Shanghai industry and commerce bank. The newspaper CHINA DAILY reported that within the last 2 weeks over 100 million yuan (\$27 million) had been withdrawn from banks throughout the country. In July of this year, the rate of inflation in the 32 largest Chinese cities amounted to 24 percent on the average.

In China, 6,364 state enterprises operate at a loss and have to be rescued by state subsidies. They account for 17 percent of all state enterprises. As the office of statistics reports, the subsidies placed a burden of 3.64 billion yuan (i.e. almost \$1 billion) on the state budget over the first 7 months of this year alone. This represents a 27-percent increase compared to the same period of 1987. Hard coal mines, machinebuilding plants, chemical plants, processing plants in the food industry, the textile industry and production of building materials account for a majority of unprofitable enterprises. The coal industry and oil extraction are entirely unprofitable.

A decree on unemployment benefits is being prepared in Hungary. Most likely, the government of Hungary will make a final decision on this issue in the fall of this year. It is expected that persons looking for work will receive a benefit at the level of the social minimum for a year. According to the data of the Hungarian Central Office of Statistics, there are 16,000 unemployed in Hungary at this time, which amounts to 0.33 percent of the gainfully employed population. According to the calculations of specialists from the State Office of Labor and Wages, the number of those looking for a job amounts to 30,000. A majority of these persons have no professional skills.

This year's harvest in Hungary will amount to 8.6 million tons, instead of the planned 8.1 million tons.

THE FINANCIAL TIMES reported that the International Monetary Fund announced the opening of a new kind of credit within the framework of "a special compensatory fund." This fund is to enable IMF member countries facing difficulties "to sustain the operation of reform programs promoting growth, supported by the IMF, in the event of unexpected economic shocks." New loans are to be tied to the amount of contributions by a given country, and will be given for specific requests.

In the remaining months of this year and in 1989, the rate of inflation in all Scandinavian countries will increase faster than the OECD average, warns the latest edition of the Nordic Economic Outlook, published by the federations of industrialists of this region. It is expected that this year the rate of inflation in Scandinavia will amount to 5.9 percent compared to 3 percent in the OECD area. In 1989, the rate of inflation in the Scandinavian countries will reach 5 percent compared to 2.3 percent in the OECD area.

The largest American concern USX announced that a steel company it owns has signed a contract with the Soviet Union for the delivery of 88,000 tons of seamless steel pipes for the transportation of crude oil. This is the largest contract of this concern in its history of relations with the Soviet Union. The pipes will be produced in Alabama and transported by means provided by the Soviet Union.

[No 38, 18 Sep 88 p 2]

[Excerpts]

#### In Poland

During the [first] 8 months of this year, 59,338 apartments were commissioned, or 44.4 percent of the amount envisaged by the central annual plan. Compared to the same period of last year, 1,072 more apartments were commissioned. In August, 475 more apartments were finished than last year.

Prof Zdzislaw Sadowski [former deputy prime minister, former chairman of the Planning Commission] chaired the proceedings of a working group preparing a plan of consolidating the national economy. The working group consists of 21 members. The following were acknowledged to be the most significant issues the plan should take into account:

- accelerating the implementation of the second stage of the reform, including the verification of the sequence of elements introduced;
- drawing closer to internal equilibrium while at the same time striving to slow down the growth of indebtedness;

—radically containing inflation, in combination with measures aimed at increasing the supply of goods and services, especially by developing the food economy and housing construction;

—profound and rapid restructuring of the economy, based on the elimination of inefficient enterprises, energy- and material-intensive products and technologies, and the acceleration of changes in the breakdown of investment;

—demonopolizing the economy and creating conditions for the development of competition.

Wages in the health care service will be increased from 1 July retroactively. The budget allocated 36.6 billion zlotys for this purpose. As the ministry communicated, the average monthly remuneration of all kinds throughout the country will increase by about 7,000 zlotys.

A statement by Andrzej Wielowieyski for ZYCIE WARSZAWY on the issue of "the round table": "The authorities must understand that little will be changed in the social climate and the support for the reform will increase little if, say, some professor or trade union activist is nominated to an important state position. The working communities want to have their own trade union organizations, they want to be their own masters, and there will be no peace in the country until they get it. There will be no environment for better work and initiative, and there will be no broader cooperation."

Activities aimed at creating the Social Committee for Human Rights in Poland are proceeding. This initiative originated in the Association of Polish Lawyers. The founding group is headed by Kazimierz Buchala, professor of the Jagiellonian University, expert on the penal law, former chairman of the Main Council of Attorneys for many years, and a judge of the Constitutional Tribunal.

The Ministry of Industry appealed to the government for the introduction of marked economic preferences for units promoting technical progress. The fact that over one-half of the products turned out by our industry at present are more than 20 years old shows the scope of the problem.

The government decision on merging the Siarkopol enterprises has been suspended for 2 months. During this period of time, both sides—the government and representatives of the workforces of the enterprises in question—will prepare comprehensive economic analyses needed from the point of view of development prospects for the Polish sulphur industry. As can be seen, a decision was made without such analyses yet again.



Since 1980, the Petrobaltic has sunk 25 wells with an average depth of 2.5 kilometers. Oil and gas deposits were located in the geological structures studied; two of them are under consideration for commercial extraction. One is found on the Soviet shelf, and the other—on the Polish.

#### Abroad

Opening the proceedings of the economic policy commission of the Socialist International, Willy Brandt stated that he expected the Soviet Union to join the International Monetary Fund and the World Bank shortly. In Brandt's opinion, the Soviet Union does not want and is unable to avoid the responsibility for solving the problems of global development. Brandt predicted that "in as little as several years, the USSR will take part in annual proceedings of the IMF and the World Bank." In the opinion of the chairman of the Socialist International, this may complicate some matters, to be sure, "but will certainly facilitate them incomparably more."

In Estonia, the first light industry concern was created. Textile, garment industry and materials processing enterprises are combined in it. Previously, the light industry of Estonia was managed by traditional, purely administrative methods.

The Political Executive Committee of the RCP CC found that, despite better results achieved in August compared to the same period last year, the tasks of the plan have not been fulfilled due to shortfalls in some important sectors of the Romanian economy.

The annual inflation rate in Yugoslavia amounted to 198.4 percent in August. Since December, prices have grown by 98.8 percent, thus exceeding the level of the so-called target inflation, set at 95 percent a year. In September, the monthly rate of growth of retail prices came to 14.7 percent. This indicator was the result of liberalization in this sphere introduced within the framework of the so-called May program, according to which producers may freely set 70 percent of prices. At the same time, high unemployment persists in Yugoslavia. As the Federal Institute for Social Planning communicated, in the first quarter of this year, 1.12 million persons in Yugoslavia were looking for work, i.e. 10 percent of the labor force.

According to the newspaper ROBOTNICHESKO DELO, the opportunity to operate privately retail trade and service outlets owned by the state, offered last year, thus far has not brought major results. The newspaper reports that, out of the 1,308 outlets offered (coffee houses, restaurants, cafeteria and service facilities) only 60 have been taken. The decree issued a year ago envisaged that outlets belonging to the state would be operated by private persons on the condition that they would not use hired labor and that they would pay the state annually the previously set lump sum. The fact that

the fees demanded are high, whereas the contracts proposed are too short term, is the reason for the lack of interest by private individuals in facilities leased to them on bids.

The IMF projects the average rate of economic growth in major industrialized countries to reach 3.8 percent in 1988, and to drop to 2.7 percent next year. The rate of inflation in major industrialized countries of the West is expected to be 3.2 percent this year and 3.5 percent in 1989.

Chairman of the European Parliament Henry Plumb arrived in the USSR on an official visit at the invitation of the Supreme Soviet of the USSR. He proposed that the USSR and the EEC hold regular high-level meetings devoted to the issues of agricultural policy, which could bring about a better balance of food production and consumption in the world. In Plumb's opinion, this could be the introduction to the membership by the USSR in the GATT.

[No 39, 25 Sep 88 p 2]

[Excerpts]

#### In Poland

The Sejm accepted the unprecedented resignation of Zbigniew Messner's cabinet. As early as 27 September, the Sejm will convene again in order to nominate the new prime minister and the new government.

On 20 September, the Politburo discussed the proceedings and decision of the last session of the Sejm and familiarized itself with information on preparations for "the round table." It was stressed that the position on the issues of profound reforms of the economy and the state and the model of the trade union movement contained in the resolution of the 8th CC Plenum is the principled line of the party.

On Friday, 16 September, Czeslaw Kiszczak met with Lech Walesa, Stanislaw Ciosek, Father Alojzy Orszulik and Prof Andrzej Stelmachowski. The following also took part: Artur Bodnar, Father Bronislaw Dembowski, Wladyslaw Frasyniuk, Jan Janowski, Jan Jarczyslaw, Lech Kaczynski, Mieczyslaw Krajewski, Wladyslaw Liwak, Harald Matuszewski, Tadeusz Mazowiecki, Jacek Merkel, Jerzy Ozdowski, Alojzy Pietrzyk, Edward Radziewicz, Henryk Sienkiewicz, Romuald Sosnowski, Jan Szczepanski, Tadeusz Szymanek, and Stanislaw Wisniewski. As was communicated, positions on the issue of "the round table" moved closer to each other. It was established that, among other things, the model of operation of the state and public life, the acceleration of development and modernization of the national economy, and the shape of the Polish trade union movement will be the topics of proceedings, which will begin in mid-October.

The founding meeting of the SDSP [Association of Employee Self-Management Functionaries] was held. Andrzej Wieczorek, chairman of the employee council at the WZT [Warsaw Television Works?] in Warsaw, became the chairman of the Provisional Main Board of the SDSP. The association will be financed by the dues of its members.

The Planning Commission published in RZECZPOSPOLITA the outline of the Central Annual Plan for 1989 and projections for the year 1990. In an interview with the PAP [Polish Press Agency], Prof Zdzisław Sadowski said in this regard, among other things: "... within the outline of the Central Annual Plan, we have tried to incorporate the elements of a turn in the economic policy which were recognized to be needed, in light of the evaluations and criticism in the latest period. A public discussion may point up further opportunities to enrich them or to radicalize the actions which are the subject of work on the consolidation plan. This is why it is my conviction that this discussion may play a significant role in formulating the plan of consolidation itself. Therefore, I stress that, in essence, the central annual plan does not oppose, but promotes the consolidation plan."

At a joint meeting of the OPZZ and KZRKiOR [National Association of Agricultural Circles and Organizations] leadership it was stated, among other things, that the announced program of consolidating the economy should be cleansed of the mistakes made to date. A far-reaching restructuring of the national economy is necessary. The consolidation program should give priority to agriculture, the food industries, housing construction and environmental protection, as well as occupational conditions. Its success will hinge on securing social support, and such will be given by the working people only to persons not burdened by the mistakes made to date.

The Committee of the Council of Ministers for the implementation of the Economic Reform reviewed draft laws on the banking regulations and on the NBP [National Bank of Poland]. Statements were made in favor of a more radical restructuring of the system of financing and providing credit to the economy. It was also recommended that work be completed on the demopolization of procuring agricultural products and food processing.

The Ministry of Labor and Social Policy published suggestions on systemic changes in the social policy of the PRP. As [Minister of Labor, Wages and Social Affairs] Ireneusz Sekula said, the document submitted for the discussion is an attempt at a compromise between economic requirements and the needs entailed by the social and welfare functions of the state. For the income policy, the role of wages will be reinforced, whereas the

elements of disincentive in some benefits will be eliminated. Effective 1 September, the lowest retirement benefits increased to 15,000 zlotys, and annuities—to 12,800 zlotys.

Wladyslaw Baka met with representatives of the Main Board of the NOT [Main Technical Organization] and the TNOiK [Scientific Society of Organization and Administration]. The representatives of the engineer cadres expressed the view that the economic and financial system is the main barrier to reforming the economy. A critical view of the economic system of enterprises and R&D institutes was also stated; it was recognized to hinder progress and restrict innovation. Representatives of the organizers stressed that, according to the logic of our reform, the function of a mechanism controlling the economy can only be discharged by currency, and, therefore, the Polish zloty must become a genuine currency. The suggestion was made to organize at the Central Committee a meeting of people who have been forced out of their jobs due to their initiatives promoting the reform. Applications for participation in this gathering should be sent to the address of the Central Committee, Warsaw, Nowy Swiat Street, 6/12, with a short description of the case.

Work on the draft law on associations is nearing completion. During the discussion on the current version, which was held in the forum of the Commission on the Creation and Application of the Law of the PRON National Council, it was stressed that an opportunity to form associations should be regarded as one of basic civil rights. It was suggested that by associations we should mean voluntary, stable, self-governing societies based on volunteer work of their members, with nonprofit purposes, which is to say that associations can set forth their goals, programs of action and organizational structures independently and pass requisite resolutions in this matter.

It was announced that the market supply should improve perceptibly as soon as September. Primarily, there should be more hosiery, clothing and household chemicals. Despite the efforts made, it will not be possible to ensure sufficient stocks of shoes and warmer clothing in the shops. This information comes from the working group for market issues, headed by Deputy Prime Ministers Jozef Koziol and Zbigniew Szalajda.

A limited partnership called the Gdansk Duty-Free Zone, which will manage the duty-free area, was registered in Gdansk.

The provider of a license for the FSO [Light Car Factory] has been selected. It will be the FIAT of Italy. The FSO expects to achieve the output of 120,000 cars annually in the years 1993-95.

## Abroad

In Washington, a meeting of the board of the International Monetary Fund devoted to the review of the Polish economy was held in accordance with Article 4 of the IMF statute. The discussion at the meeting of the IMF board concerned the problems of the Polish economy and prospects for its growth in the immediate future. After the meeting of the IMF Board, Minister of Finance Bazyli Samojlik stressed that the evaluation of the functioning and condition of the Polish economy, formulated by the directors of the fund, addressed the complex picture of the situation in the Polish economy—both the positive and the negative elements in this picture—and expressed apprehension and hopes associated with the development of our economy. The IMF board showed great interest in the economic consequences of strikes in Poland, both the direct, financial and the indirect ones. Minister Samojlik said that many IMF directors expressed special concern with the absence of market equilibrium, caused by the excessive increase in the monetary income of the populace, compared to the supply of goods and services. The issue of reducing the rate of inflation in Poland was a topic frequently raised by the IMF directors at the meeting of the board of the fund. It was stated that Poland should devote the immediate future to reducing inflation, and the year 1989 should be marked by a much lower rate of price growth. Minister Samojlik remarked that an improvement in the condition of the Polish economy calls not only for internal equilibrium, but also for the maintenance of external equilibrium. A lot depends on the degree to which our relations with our creditors are normalized. They will be inclined to participate vigorously in economic cooperation with Poland by providing financing and credit only given normal relations with creditors and respect for one's obligations. The debt service cannot undermine the export potential of the economy, and cannot proceed at the expense of imports. This position met with great understanding on the part of the IMF directors. Many of them emphasized that Poland should not be persuaded to service the debt at the expense of imports, because this would be a short-sighted action.

A meeting of the chairman of the Polish-Bulgarian Commission on Economic Cooperation, Minister of the PRP for Foreign Economic Cooperation Wladyslaw Gwiazda and Minister for Foreign Economic Relations of Bulgaria Andrei Lukanov was held in Sofia. The two sides had high praise for the status of contracting for and carrying out the mutual deliveries of goods envisaged by the trade protocol for 1988. The need to prepare in the immediate future a plan for implementing the concept of economic and scientific-technical cooperation between the PRP and Bulgaria until the year 2005 was acknowledged. Certain current problems associated with the further expansion of turnover were discussed. Among

other things, the Polish side is greatly interested in increasing the imports of Bulgarian consumer goods in exchange for delivering an extra 60,000 tons of potatoes, which are in short supply in Bulgaria. The ministers signed an agreement on the basic principles for setting up and operating joint enterprises and economic organizations.

A meeting of the heads of parliaments from the member states of the Warsaw Pact was held in Berlin. The participants acknowledged that changes under way in the commonwealth call for new forms of cooperation between parliaments.

A new French-Soviet joint company was registered at the Ministry of Finance of the USSR—the fourth company of the two countries set up since January 1987, when a reform allowing Western companies to participate in the capital of mixed enterprises took effect. The Georgian Technical University owns a 51-percent share in the company named Tbilisi-Aris, and the Aris company—49 percent. This small French company, specializing in the development of computer programs (its sales in 1988 came up to 4 million francs), will contribute 1.2 million francs to the joint operation. The entire original capital of the new company will amount to about 2.5 million francs. Initially, the new company will perform computer maintenance. Plans for the future envisage the start-up of microcomputer production in Georgia.

The newspaper RIBAO UNJI reported that the Chinese construction bank, which is one of the main sources of financing for large industrial projects, will not underwrite any new loans until the end of the year. This measure is most likely to be the latest in a series of steps aimed at combatting the runaway inflation. Before the end of July, the bank provided a total of 14.6 billion yuan in loans, or 90 percent of the amount envisaged for the entire year. In turn, CHINA DAILY stresses that further decisions on restricting the growth of prices should be expected shortly, in order "to reduce the psychological pressure on the populace" in this manner. The newspaper writes that inflation, regarded by the Chinese economists as the main obstacle to price reform, is so grave that in mid-August it caused a run on the banks and panic buying of goods in many Chinese cities. Towards the end of August of this year, the Chinese authorities made a decision not to take any major steps in the field of price reform in 1989.

According to preliminary data, 10,767,000 tons of major grains (excluding corn grain) was harvested in Czechoslovakia this year. This is 409,000 tons more than the 1988 plan called for, and 159,000 more than last year's harvest. The average yield per hectare came to 47 quintals, which is the second highest level in the history of Czechoslovak agriculture. The farmers of Slovakia received record-breaking yields—51.9 quintals per hectare.



[No 40, 2 Oct 88 p 2]

[Excerpts]

**In Poland**

In the forum of the Commission for Economic Policy, Economic Reform and Employee Self-Management, two concepts of the consolidation plan were discussed, prepared simultaneously by the Planning Commission and the Central Committee.

On 25 September, every adult inhabitant of the Slubice city and parish in Gorzow province, with a population of almost 12,000, could decide for which purpose 57 million zlotys would be allocated: for adding to the school or for building an auditorium, or, finally and thirdly, for erecting an old-age home. The first local referendum in our country was held there.

"The practice to date has shown that the divergence between the legal and economic arrangements of the reform, the economic programs, especially those for production, and the actual economic policy has been too great and has not allowed the desired manifestations of improvements in living conditions and economic results to be attained. This, however, is the core of proposed consolidation measures. We give our support to the concept of consolidation, but we also have the inextinguished feeling of internal reservation towards still learning only from our mistakes rather than taking advantage of our own accumulated knowledge and that of others." From an interview by Prof Jan Kaczmarek, NOT chairman, to TRYBUNA LUDU.

"The Democratic Party believes," said that CK SD [Central Committee of the Democratic Party] spokesman, "that the coalition (the PZPR, the ZSL [United Peasant Party] and the SD—editor's note) should be open to a dialogue with other political forces (...), including constructive, and currently nonparliamentary, opposition. Proceeding from this position, the adoption of the law on political parties is suggested. We believe," he stated, "that the way out of the political crisis which has set in, in conjunction with the first cabinet change in the postwar Poland, lies through reinforcing the autonomy within the coalition and increasing the variety of its programs, and not only through increasing the participation of nonparty members in public life."

The Executive Board of the PRON National Council noted the anxiety and social apprehension that "talks about talks" at "the round table" would drag on excessively, so as the time for joint action would come as soon as possible.

For over 2 months, protests against the preliminary siting of a nuclear power station at the Kopan Lake, in the immediate vicinity of the Baltic, have been going on in Darlowo, a fishing port and a well-known resort and

tourist locality with a population of 15,000. A civic committee has been formed, which has gathered over 12,000 signatures under a letter of protest against the construction of this facility.

After pilgrimage celebrations at the Jasna Gora [Monastery] on 17 September, a procession of several thousand people marched under banners with the slogans: "Communism Is the Work of Satan," "Poland Has Had Many Enemies, But Never One Worse Than the PZPR," "Down with Communism." Writes the ZYCIE WARSZAWY commentator: "We cannot make too far-reaching generalizations on the basis of this, but we also cannot fail to notice these slogans, all the more so when an opportunity for significant progress in national understanding is emerging. In whose interest is it to ruin this opportunity by creating facts which give rise to mistrust towards the intent of partners in the dialogue, even before it has actually begun?"

The Presidium of the Christian Social Association stated, among other things, that the process of forming a new government should take into account the desire to ensure great professionalism of the future members of the Council of Ministers, expressed by various political and social forces, also in the Sejm forum, as well as the principles of expanding the participation in it of non-party members, including those of a Christian orientation.

A concept of a pronounced reduction in the demand of the economy for particularly energy-intensive materials, including iron and steel products and cement, and discontinuing the exports of particularly energy-intensive goods, including coal, prepared by the Ministry of Industry, was presented to the State Council for the Energy Economy. We will report on it in more detail in one of the next issues of this publication.

A quarter of a billion dollars from the export surplus will be allocated for saving our domestic market. Industry will receive one-half of this amount as early as this year to purchase machinery and equipment, speed up the construction projects in progress and import raw materials and assemblies (the textile industry—\$32 million), enterprises producing containers for foodstuffs (\$14 million) and the pharmaceutical industry. Still greater funds were allocated to agriculture and processing enterprises cooperating with it. More or less one-fifth is to be allocated for direct imports of foodstuffs.

**Abroad**

Politburo member, PZPR CC Secretary Wladyslaw Baka visited the USSR between 19 and 22 September at the invitation of the CPSU CC.

The Commission and Council of the European Communities handed to the Polish Embassy in Brussels a note stating that the request by the government of the PRP to establish diplomatic relations with the European communities had been granted.

Chairman of the GDR Council of Ministers, Willi Stoph, received the Cochairman of the Committee for Economic and Scientific-Technical Cooperation of Poland and the

GDR, Wladyslaw Gwiazda. Evaluations and resolutions by the committee concerning the development of economic relations between the two countries were presented. The particularly successful implementation of the tasks outlined in the "Long-Range Program for Developing Cooperation in Science, Technology and Production Between the PRP and the GDR Until the Year 2000," signed by Wojciech Jaruzelski and Erich Honecker in 1985, was emphasized.

The 8th session of the joint Polish-Libyan commission for economic and scientific-technical cooperation ended in Tripoli. Resolutions ensuring the streamlining and development of bilateral cooperation were adopted.

According to data from the customs administration, China registered a deficit of \$2.5 billion in the balance of trade during the 8 months from January to August. Over this period, exports increased by 25 percent, amounting to \$28.9 billion, whereas imports grew by 23 percent, amounting to \$31.4 billion (increment in percent over the same period of last year). The fastest growth of imports was registered in July and August. In July, imports grew by 30.2 percent, whereas exports—only by 18.2 percent. This trend persisted in August, when imports grew by 38 percent, and exports—by 24 percent. The combined trade deficit in July and August came to \$1.348 billion

[No 41, 9 Oct 88 p 2]

[Excerpts]

#### In Poland

Consultations in the matter of forming a new government were underway. M. F. Rakowski held talks with the authorities of the ZSL and the SD, the OPZZ and the KZKRiOR, as well as with Chairman of the Primate's Social Council Prof. Wladyslaw Findeisen. Within the framework of consultations, the Primate of Poland Jozef Glemp also met with Prime Minister M. F. Rakowski. Among other things, the issues of relations between the state and the [Catholic] Church were also discussed.

At a meeting of the OPZZ Council, Alfred Miodowicz said: The format of the trade union movement will not be determined at "the round table." We, trade unionists, the enterprise chapters and federations, will decide on the necessary changes ourselves. In this reference, it is hard to imagine in the immediate future the operation of more than one trade union organization per enterprise. The security and stability of the enterprise are the decisive argument. Otherwise, it could come to the ruining of companies, to a situation in which members will simply be lacking for both unions, entangled in rivalry and political struggle at the expense of defending the interests of the workforces. Therefore, the position of the OPZZ Council of 6 September, expressed in the formula "one enterprise—one trade union," still applies.

The management of the Planning Commission discussed the status of work on the program of consolidating the national economy. Following a meeting of the CC Commission for Economic Policy, Economic Reform and Employee Self-management, a uniform document was developed—"The Theses for the Plan of Consolidating the National Economy." It points up the need for fundamental changes in the economic policy. Due to this, the consolidation plan should outline all elements of the shift in this policy and map out the main directions for operations in 1989-90, supplanting the national socio-economic plan currently in effect.

Over 330,000 persons, including over 50,000 freshmen, began study at 90 colleges in day and correspondence classes. They will take part in classes taught by almost 58,500 academic instructors.

On 30 September, a meeting of the Committee of the Council of Ministers for the Implementation of the Economic Reform was held. The meeting was chaired by Zdzislaw Sadowski. The committee reviewed a new version of the proposal for demonopolizing the procurement and management of agricultural products and foodstuffs, prepared by the Ministry of Agriculture, Forestry and the Food Industries. The committee also took a stand on the issue of proposed changes in the banking law.

At a meeting with representatives of cooperative unions, [Deputy Marshal of the Sejm] Jerzy Ozdowski announced the plan to set up an autonomous cooperative college in Rzeszow. Its goal would be to provide managerial cadres for the cooperatives, to which 10 million members belong. Lieutenant Governor of Rzeszow Jerzy Szeremeta pledged the assistance of voivodship authorities in organizing the cooperative college. It would be located in Zalesie, in the outskirts of Rzeszow. The Sejm will decide whether or not the college will be set up at all. A parliamentary proposal to that effect will be introduced in a year.

The 4th International Industrial and Agricultural Fair "Polagra'88" began in Poznan, with 611 exhibitors, including 131 foreign ones from 17 countries participating. It is accompanied by the National Gardening Exhibition, also held in the compound of the Poznan International Fair.

#### Abroad

First Secretary of the PZPR CC, Chairman of the Council of State of the People's Republic of Poland Wojciech Jaruzelski paid a friendly, working visit to Bulgaria at the invitation of General Secretary of the Central Committee of the Bulgarian Communist Party and Chairman of the Council of State of the People's Republic of Bulgaria Todor Zhivkov. International issues, the situation of the two countries and parties, as well as economic issues were discussed. Last year, the turnover of mutual trade came to a record-breaking amount—1 billion

rubles. However, there is further potential for developing economic cooperation. The signing of "The Concept of Developing Economic and Scientific-Technical Cooperation Between the PRP and the PRB Until the Year 2005" by Wojciech Jaruzelski and Todor Zhivkov will give a new impetus to the development of Polish-Bulgarian cooperation.

Over the first 6 months of this year, the deficit of foreign trade in the USSR came to 1.82 billion rubles (\$2.9 billion)—these are official data published by VNESHNIAIA TORGOVLIA. Last year, the USSR balance of trade for the same period stood at \$1.5 billion, and at the end of the year the surplus was \$495 million. Between January and June of this year, Soviet imports grew by \$2.1 billion compared to last year and amounted to \$13.9 billion. In turn, exports grew from \$10.2 billion to \$11 billion.

A trade and cooperation treaty between the European Community and Hungary was signed. It provides for the EEC repealing quantitative restrictions on the import of Hungarian goods in three stages, before the end of 1995 at the latest. Hungary undertakes to facilitate the access to its market for EEC companies. Both sides mutually granted each other the most favored nation clause. As EEC experts stress, Hungary has an economic structure most closely approximating that of Western Europe from among the CEMA countries. Last year, the EEC exported to Hungary goods valued at \$2.6 billion, and its imports from Hungary came to \$2.2 billion.

The EEC accepted a request by Cuba, made in June of this year, to establish economic relations and exchange ambassadors. Cuba is the 7th out of 10 CEMA countries, and the first non-European one, to establish diplomatic relations with the EEC. Vietnam also made a request to establish such relations. From among the CEMA countries, only Romania and Mongolia have so far not expressed interest in establishing diplomatic relations with "the twelve."

In New York, representatives of the National Bank and government of Yugoslavia signed an agreement with the International Coordinating Committee (ICC) of the creditor banks on restructuring the medium- and long-term debt of Yugoslavia. The ICC represents about 450 Western commercial banks, to which Yugoslavia owes \$6.5 billion payable before 1992. According to the agreement, the debt will be transformed into long-term credit, repayable over 18 years, with a 6-year grace period and interest 13/16ths of a point above LIBOR [London Inter-Bank Offered Rate]. As Governor of the National Bank Dusan Vlatkovic stressed, the signing of the agreement is an expression of support for Yugoslavia's efforts aimed at implementing the program of economic stabilization, and it shows the belief of foreign creditors that Yugoslavia will manage to honor its obligations. Among the medium-developed countries, Yugoslavia is one of the few debtors who have managed to reduce foreign debt—from \$21 to \$19 billion over several years.

Deputy Minister of Foreign Trade of Czechoslovakia Jiri Nemec announced a government draft law "on Czechoslovak enterprises with participation in assets by foreign companies." The goal of the law is to create conditions for setting up mixed enterprises and to provide legal guarantees to foreign participants.

#### **Basic Financial Tools Missing in Futile 'Quest for Economic Balance'**

26000032 Warsaw KONFRONTACJE in Polish  
No 4, Apr 88 p 23

[Article by Janusz Dabrowski, economist and futurologist, scholar of the Polish Academy of Sciences, Committee Poland 2000: "Between Doubt and Hope"]

[Text] Polish economists are divided into three groups. Speaking of three groups, I am obviously thinking of economic strategists, and professors, docents, and doctors of economics—authors of articles and scholarly works, of symposium and conference papers, and of official papers that have never seen the light of day. The first of these groups, filled with dislike for the system, says that it cannot be reformed, and the prerequisite for overcoming the crisis is not reform, but changing the order.

The second group consists mainly of the supporters of the reform and changes within the current system and sees no opportunities because there are too many supposed objective barriers and limitations. The third group does know ways of achieving growth and restoring movement, but it does not present them in the form of a complete program and I think that this position is no surprise.

We have known for years that in Poland it does not pay to be an economist, even, a most brilliant one. Any foreman-rationalizer can earn several tens of thousands of zloty, at times even millions of zloty, for the smallest technical improvement. The situation is much worse for true inventors, whose new ideas and new technologies personally threaten the ill-tempered stuffed-shirts in high places; it is thoroughly bad for new economic conceptions and their bearers.

The many illiterate, naive artists of the Polish economy have never borne any responsibility for their failed ideas, but no author of a good economic conception—and there have been a few during the last 40 years—has ever received proportional bonuses or awards. In any case, after the dissolution of the Economic Council in 1957, officials at suitably high levels have been the most important national authorities in economics, and the egg-headed professors were forced to do scholarly work to prevent them from causing problems when it was necessary to make important political decisions.



The results are known, though not completely. Not only is the economy stagnant, but economic thinking for the last several decades has wandered around in the wilderness, oscillating between the barren apologetic of the "decade of success" and the equally barren defeatism of the 1980's. We should not be surprised then that a significant number of creative people with good ideas for developing the economy does not want to reveal them in order not to expose themselves to counter-action by the guardians of stagnation, on the one hand, when, on the other, they have no hope of receiving a bonus or encouragement.

This does not mean, however, that we should indifferently listen to, or read, articles presenting the position of the second group, whose apathy and barren hopelessness could send us to the Vistula with a stone tied around our necks. The article by Prof Urszula Wojciechowska (KONFRONTACJE No 1) titled "What Have We Achieved, What Lies Ahead?" is an example of this mood. I will cite a few sentences from this article. "The following logic has been widely disseminated. . . . The Polish economy has gigantic domestic reserves in its capacity to liquidate poor work organization and waste, to mobilize human initiative and entrepreneurship. These reserves have not been mobilized because of the central authorities. . . . This logic is full of illusions and misunderstandings. Achieving such progress is impossible without imports of raw materials, materials, machinery and equipment, and know-how," Prof Wojciechowska claims. "The lack of market stability results from deluding ourselves with hopes for a growth on the supply side and the removal of the unpopular methods of achieving stability by reducing demand and increasing prices."

Prof Wojciechowska is presented in the text as a member of the Economic Consultative Council, which is not without significance in this case. If the author claims that an increase on the supply side is impossible in the foreseeable future either she is presenting her personal point of view, which is very unlikely, for she should at that point indicate that others in the Council hold different ideas, or she is representing this entire body of scholars, which would not be a surprise in light of other publications by the Economic Consultative Council.

In accord with all principles of economics and praxeology, the economy is not capable of developing only when it has exhausted all reserves and is facing barriers that cannot be overcome. Neither of these situations is the case in our economy. This applies to labor resources, machinery and equipment, and also raw materials and materials. In this situation, the main, properly the only task, of the economic advisors is to find an investment and financial program to maximize the results given the resources in hand; its task is not to justify the inefficiency of the center, which seems to be the basic thread of the article.

Examples can be drawn from any area of the economy, from retail trade and construction to agriculture and industry, but let us take an example well-known to society, the performance of the retailers. We constantly hear that the retailers have exhausted all reserves, that they lack people and equipment and most importantly goods. The retailers see the only way out in raising margins, in other words, prices (a well-known prescription—see above), in large investments, and in raising the prestige, a cover for wage claims.

Looking beyond the lamentations about the poor state of the equipment in stores and the shortage of fixed assets, we see that we have the lowest level of use of this equipment in the form of the shortest hours of operation in Europe, and perhaps in the world, of stores in a week. There is talk of a shortage of workers. But how many sales girls are leaning against the walls in self-service stores or are packing salt and flour into sacks which should be done by robots in factories or packaging centers? We could also ask, for example: what percent of the employees of the retailers sits in management positions and in offices at various levels, counts and issues ration cards, and how many are working on the front lines, behind the counters or at the cash registers? The classic barrier of labor would appear in a completely different light. Third, the supposedly most important limiting factor: the shortage of goods. After closer examination, the most serious shortages of goods occur where the provision system operates and one works for a flat rate, on the principle "whether one is standing or lying down." It is in this system that the majority of sick leaves, renovations, inventories of shipments and other "objective" causes preventing an increase in supplies occurs, which can be shown without difficulty in the appropriate statistics.

The answer to why the situation in our retail stores is as bad as I have presented it is equally as simple as the question. As in many other areas of the economy, in the socialized retail stores, there is no positive correlation between the intellectual and physical effort and the level of earnings. Neither the heads of the best stores and shopping centers with the highest sales nor their personnel are paid proportionally better than the idlers and loafers. On the contrary, their incomes support the inefficient workers, the unprofitable facilities, and the central managers. Further, the corset of senseless regulations makes it impossible to escape from under the pseudo-cooperative monopolies like the General Consumers' Cooperative or the Peasants' Mutual Aid in order to form a competitive firm or genuine cooperative under the leadership of the best specialists from such stores as the Warsaw Supersam or Tokaj.

If this is not enough, we must also mention the complete absurdity of limiting the growth of wages by the infamous "twelfth." This completely unbelievable economic nonsense is not only a contradiction of the basic principles of economics, or all connections between effort and results, but also of the elementary socialist principle of

division according to work. Nevertheless, the decree was published and implemented, and as a result of its operation, in many cases, store sales and production were specially reduced in order not to pay a tax generally regarded as a penalty for good work.

Is the retail trade, however, an unusual example of poor work organization and absurd regulations? The work practices of the remaining areas of the economy, both productive and non-productive, deny this possibility.

Scarce cement produced from scarce coal and scarce electrical energy is wasted on large-slab construction that consumes scarce steel, in spite of the fact that elsewhere light materials and technologies with significantly better thermal isolation properties have been in use for a long time, and so the next quantities of gigacalories and megawatts are consumed in Poland.

Can we change these technologies, and by changing the proportions between the factors of production achieve an increase in supply?

Obviously, we can, but behind all current technologies and behind each billion invested in the frozen structures stand particular people and particular pressure groups, in whose interest it is to maintain the current situation. Obviously, there are pressure groups in every economy guarding outdated industries and inefficient technologies, but on the other hand, there is new capital whose interests demand the development of completely new industries and new economic conceptions. In Poland, there are no new lobbies nor new capital which in the hope of making a profit would produce using the cheapest technologies. In addition, there is also a shortage of intellectual support in the form of educated, inventive economists, financiers, and managers who would be able to carry out the appropriate simulations and direct capital into the appropriate industries, the appropriate organizational ideas, and the appropriate technologies.

We do have a surplus of people tightly holding onto the old system, onto old personal relationships, of hard conservatives negating every new idea, for whom each innovation is a threat to their power and interests. Unfortunately, we also have such people among economists, and they play the role of a defensive shield behind which used up bureaucrats hide, whose only conception of developing an economy is to retain control.

It is the lack of a positive program on the part of the economic advisory bodies that makes the only available variant the pursuit of stability, understood in an unbelievably naive manner as applying only to the market for consumer goods, excluding elementary financial instruments used in other economies. Without a concrete program of structural changes and given the generation of a constant surplus of demand over supply, the only proposal by the "second group" of economists is cyclical price rises and further inflation—stagflation. Can it,

however, be otherwise, inasmuch as the advisory councils rely on social climbing, not on the principle of competition among ideas and conceptions. This is why the many creative economists have had no influence, and the goal of the consultants has been to justify the philosophy of incapacity and to create an alibi for the conservative forces, legitimizing their operations.

In any case, I would like to warn the reader that I am far from denying the value of conservatism as such. It surely has many positive characteristics and guards traditions and prevents blind action, naive revolutionary dreams, and other "infantile disorders." However, in a country that for nearly 10 years has desperately been trying to rip itself out of economic stagnation, listening to voices proclaiming that progress is impossible because of shortages of everything, puts us on the road to general social schizophrenia. I think that we cannot manage without a new therapy and new doctors.

**Commentary on Special Powers Regulating Enterprise Closings, Stabilization Taxes**  
26000036 Warsaw *REFORMA GOSPODARCZA*  
(*RZECZPOSPOLITA* Supplement) in Polish  
No 133, 3 Jun 88 pp 1, 11

[Commentary by Andrzej Karczykowski, deputy director, Economic Policy and Annual Planning Group, Planning Commission, Council of Ministers: "Special Powers and Rights for the Council of Ministers: Commentary on Executive Order of 13 May 1988"]

[Text] The text of the Executive Order of the Council of Ministers that is published elsewhere on this page represents the first ever executive act assigning special powers and rights to the Council of Ministers. Additional legislation on the terms for the breakup, mergers, and dissolution of enterprises as well as on bankruptcy proceedings of enterprises and stabilization taxes, is being drafted.

The Executive Order of 13 May 1988 of the Council of Ministers addresses a number of major problems which for both social and economic reasons must be rapidly and effectively acted upon. If not resolved, these problems may be a substantial obstacle to reforming our economy.

A majority of the solutions pursued by the Council of Ministers is of a systemic nature, while others are interim decisions which should halt certain negative trends in our economic life.

#### **The Market**

The regulations contained in the first two paragraphs focus on activities serving to improve the domestic market. Both promote market supply and should influence it directly and positively.

The solution contained in Paragraph 1 is to alleviate the natural conflict between the needs of the domestic market and those of expanding exports. The proexport orientation of our economy and the strong stimulation of the growth of exports are producing significant though still insufficient results. The society, however, feels, as demonstrated by many facts, that this growth in exports is often at the expense of a deteriorating domestic market supply. In the final analysis, growth of exports is a major stimulus for improving the situation on the domestic market as well. This happens because a substantial part of the foreign exchange earned from exports is allocated for improving the production of consumer goods by providing it with imported producer goods as well as through direct imports of finished consumer goods. But this process is not conflict free and causes a number of negative occurrences.

This manifests itself in, among other things, not so much a faster growth of output with the object of allocating the resulting output increase for exports as in decisions to increase exports at the expense of a deteriorated domestic market supply. Such a proceeding conflicts with the idea of the proexport orientation of the economy. For exports and their increase are to result in economic growth and a more vigorous growth rate of output rather than redividing the same output of goods among exports and the domestic market.

A direct consequence of actions that sometimes followed the line of least resistance has been the worsening of the supply of certain materials and goods on the already scanty domestic market, and it indirectly necessitated in many cases imports of goods sold abroad. There exist known instances of imports at much higher prices or products and materials identical with those that were previously exported.

The need to protect the domestic market was already reflected in earlier regulations. This problem was addressed by Resolution No 124 of 19 July 1985 of the Council of Ministers as well as by central annual plans. The quantities of exportable fuels, materials, energy, construction machinery, and means of transportation specified in the so-called constituent balance sheets are maximal quantities. Their exports in excess of these maximums require approval by the chairman of the Planning Commission under the Council of Ministers or the minister of the internal market.

The exports of the materials, fuels, construction machinery, and means of transportation specified in the balance sheets occur on the basis of export permits issued by the minister of foreign economic cooperation upon making allowance for the annual quotas of product exports fixed in the central annual plans.

Consent to the exports of certain coproduction components and subassemblies as well as of semifinished products not comprised in the central balance sheets

hinges on the extent to which the needs of domestic recipients are met. The range and quantities of these products are determined by the minister of industry.

The solution contained in Paragraph 1 consists in making the exemptions in income tax and wage-exceeding tax for exporters dependent on maintaining the volume of the supplies of consumer goods to the domestic market at the level attained in 1987. During the work on drafting this provision increasing the mandatory level of supplies to the domestic market at 3-4 percent above 1987 was considered. However, in view of the need to speed up the growth rate, this more radical version was abandoned (the size of supplies for 1988 was expressed in 1987 prices).

Of course it may happen that domestic demand for exportable products might decline below its 1987 level, and then maintaining that 1987 level for the supply of consumer goods would conflict with common sense. The enterprises for which this might happen and which are interested in exporting can obtain from the minister of internal market an exemption from this requirement or its alleviation.

Another situation in which this requirement can be alleviated pertains to the already concluded contracts or pledges of a similar nature vis a vis foreign partners. Such contracts should not be affected by the adopted principle, and therefore, in cases in which the already concluded agreement do not make it possible to assure at the required level the supply of the domestic market, such contracts have to be honored by exempting the producer from this requirement.

The purpose of this provision is to protect the level of the supply of consumer and producer goods, and hence also investment goods are exempt from this requirement.

The second solution (Paragraph 2) is, like the first, intended to promote supply. It provides convenient terms for producers who recently began to engage in economic activity and for whom the period of "protection" associated with a large number of preferences and, chiefly tax, exemptions expires before 31 December 1988.

Under this provision the abovementioned preferences are extended until year end. This is a kind of bonus for the enterprising and resourceful ones as well as a major stimulus for the activity of new enterprises and for greater efforts to expand market supply.

#### Prices

In Paragraph 3 of that Executive Order the provisions are intended to halt excessive and unjustified price hikes. Prolonging to 6 from 3 months the period for which Treasury offices may postpone price hikes should slow



down the pace of inflation by spacing these hikes over a longer period of time, while at the same time broadening the possibilities for negotiating more moderate price increases with enterprises.

The Executive Order also provides for penalties for producers violating the procedure for fixing prices. If a producer who is dutybound to notify the Treasury of his intent to increase prices fails to make such notification yet increases his prices and sells his products at new prices, he is obligated to refund to the buyer the difference between the new and the previous prices. If the buyer is unknown, the seller pays that difference to the State budget.

Another situation in which the seller is liable to the above sanction is when he increases his prices and performs sales during the period for which the decision to postpone price increases is binding.

Paragraph 3 also provides the basis for commencing sales at open-market prices established through unrestricted bargaining for machinery, equipment, means of transportation, and other means of production exempted from mandatory mediation [of prices, by the state].

The abandonment of the planned allocation of certain means of production requires providing the conditions for the rise of an authentic market for these goods. The sales of part of output at equilibrium prices reached through open bargaining is a step facilitating a gradual rise of such a market. This will apply to, among other things, approximately 6,400 trucks. The minister of the internal market will, jointly with the minister of industry, draft an executive order—which by now is in its final stage—concerning the organization of bargaining for the new products, and the minister of finance will draft an executive order governing the division between the enterprise and the state budget of the surplus profits derived from sales of products under the bargaining system.

#### Wages

The significant rise in wages during the first few months of this year as well as estimates of the wage levels toward the end of this year—if current trends continue—point to a need for measures to discipline the economy by means of wages. This objective is to be pursued with the aid of the provisions of Sections 1 and 2 of Paragraph 4.

Their purpose is to prompt economic entities to manage their wage funds rationally in proportion to their financial possibilities. Decisions to increase wages should always be preceded by assessing the whole of an enterprise's financial situation and establishing whether it would then still be able to discharge its tax obligations. The provision of Section 1 of Paragraph 4 is intended to incline the management of economic entities toward such an approach.

Pursuant to that provision, wage increases ascribed to production cost which result in a more than 25 percent increase in the applicable tax on ceiling-exceeding wage increases will entail specific sanctions, namely:

- forfeiture of systemically applicable exemptions from the tax on ceiling-exceeding wage increases (exemptions which do not include a reduction in the tax referred to in Paragraph 7, Sections 2 and 3, of the Executive Order of 18 January 1988 of the Council of Ministers Concerning the Tax on Ceiling-Exceeding Wage Increases, and do not apply to the rules for determining the tax-exempt remuneration specified in DZIENNIK URZEDOWY, No 3, Item 11);

- a 50-percent increase in the tax on ceiling-exceeding price increases for the concerned year.

This provision applies to situations that arise during or after the year. If during the year the enterprise raises wages following the promulgation of this Executive Order, to an extent such that it incurs tax obligations exceeding 25 percent of the enterprise's planned profits for distribution, it is obligated to notify the Treasury office, to pay the tax on ceiling-exceeding wage increases in an amount allowing for the 50-percent penalty, and to forfeit the applicable systemic exemptions from this tax.

The basis for reckoning in this case is the amount of profits for distribution specified in the enterprise's annual plan. Enterprises which had prior to the promulgation of this Executive Order raised the wages paid to their employees by an amount exceeding 25 percent of the planned amount of profits for distribution are not subject to the abovementioned sanctions during the year in question, and during that year the tax they pay remains at the normal level, since this law is not retroactive.

After the year is over the actual profits for distribution and the tax obligations are reckoned. If this reckoning shows the Treasury office that the 25-percent share of tax obligations in the actual amount of profits for distribution was not exceeded, even though the enterprise had been penalized during the year, the excess tax paid shall be refunded to the enterprise. If on the other hand the reverse situation applies, i.e., the enterprise did not have to pay any extra tax in the foregoing year but the actual year-end balance sheet indicates a tax obligation exceeding 25 percent of the amount of profits for distribution, the enterprise has to pay the extra tax.

This sanction applies to all enterprises which exceed the 25-percent limit, including those which raised their wages prior to the promulgation of this Executive Order [as published].

Supplanting the previous sanctions, which consisted in the forfeiture of income tax exemption and budget subsidies, with the above new sanctions makes the pertinent regulations more coherent. For heretofore

exceeding the wage ceiling has been affecting the overall economic performance of enterprises (forfeiture of income tax exemptions credited for exports). The current undisciplined policy on wages is producing consequences in the form of the wage tax. Henceforth the exemptions subject to forfeiture shall be from the ceiling-exceeding wage tax rather than from the income tax. Similarly, the forfeiture of subsidies, which after all are often linked to the existence of low official prices, is henceforth supplanted with another sanction, namely, a 50-percent increase in the ceiling-exceeding wage tax. It is estimated that consistent and complete enforcement will be much easier with respect to these new sanctions compared with the heretofore binding sanctions.

Section 2 of Paragraph 4 in question specifies the aforementioned duty of notifying Treasury offices about wage increases liable to the sanctions.

#### **Tax Discipline**

The tightening of tax discipline (Section 3 of Paragraph 4) is reflected in the introduction, beginning as of 1 July, of the requirement of monthly payment of the ceiling-exceeding wage tax. This solution is intended to counteract a rise in the enterprise's tax obligations, on the one hand, and to assure a more regular influx of revenues to the state budget, on the other, which should help streamline the administration of the central and local budgets. The rules for reckoning the tax amounts due are based on the provisions of Paragraph 11 and Paragraph 26, Sections 1-6, of the Executive Order of 13 April 1988 of the Minister of Finance Concerning Specific Rules for Determining the Tax on Ceiling-Exceeding Emoluments and the Payment Periods for That Tax.

Another provision of Paragraph 4 concerns discrete tax exemptions granted by the minister of finance. These exemptions have been very strongly criticized, particularly by well-managed and efficient enterprise, since they distort the idea of identical conditions of performance for all enterprises. Moreover, the volume of applications for such exemptions has become considerable.

Inasmuch as the granting of such individual tax exemptions has been suspended until year end, the submission of proposals and requests for granting such exemptions this year misses the point, since only negative responses can be expected.

At the same time it should be emphasized that enterprises petitioning for such exemptions are not authorized thereby to adjust their balance sheets and defer fulfilling their tax obligations.

#### **Investments**

The purpose of the provisions of Paragraphs 5, 6, and 7 is to improve the investment market, especially as regards construction, and to prevent an increase in investment projects. Here certain positive trends already

have arisen. This also concerns the shortening of the investment cycle and changes in the material structure of outlays, but the point is that these trends should be reinforced.

Irrespective of an increase in the supply of investment goods, parallel measures should also be taken to curtail demand, especially demand for construction and installation operations. Appropriate decisions have already been taken on this issue, such as the requirement for security deposits on cubature construction investments and a turnover tax on certain investment goods as well as on construction and installation operations performed under the commissioning system. The newly introduced solutions complement and expand the heretofore binding solutions.

Another purpose, particularly important owing to social considerations, is providing the conditions for a more rapid expansion of housing construction. The investment resources of the enterprises [used to build heavy industry projects], including materials and construction, should be reallocated to housing construction projects.

Paragraph 5 introduces the prohibition against new [office building] construction investments following the promulgation of this Executive Order.

This prohibition applies to all entities of the socialized and nonsocialized sector and comprises facilities classified in Group 1, Buildings, of the Classification of Fixed Assets employed by the Main Statistical Administration, irrespective of the sources of their financing.

In particular, special emphasis is placed on prohibiting the construction of new administrative buildings, construed as buildings classified in Subgroup 14, Office Buildings, of the Classification of Fixed Assets. It is worth noting that recent regulations also dealt with this problem. Resolution 75 of 25 April 1988 of the Council of Ministers specifies that no new construction of administrative buildings that is financed wholly or in part from the central budget may be initiated during 1988-90. This prohibition also applies to investments by entities of the socialized sector whose operations are subsidized by the central budget. Said Resolution also recommends to voivodes that they apply this principle when deciding on new investments financed from local budgets. The currently promulgated prohibition against building office structures is universal: there are no exceptions to it whatsoever.

As for buildings of other types, the prohibition is not total.

Owing to social considerations, the following exemptions from this prohibition apply: housing construction and the construction of the attendant technical and social infrastructure; facilities needed for environmental protection; health and welfare facilities; facilities relating

to education, culture, art, physical culture, and recreation; and investments in expanding the output of materials and products for housing construction as well as investments in agriculture and food industry.

Also exempt from the above prohibition are investment projects undertaken in cooperation with foreign partners or directly serving to expand exports. In addition, the prohibition does not apply to projects linked to eliminating the consequences of natural disasters.

The economic entities [enterprises] which undertake investment projects affected by this prohibition, after said prohibition becomes effective, forfeit their eligibility for exemptions from the payment of depreciation deductions to the central budget or to the Fund for Structural Changes in Industry, and likewise they then are no longer eligible for exemptions from payments of security deposits on investments, and the managerial personnel of these entities have to reckon with the possibility of being held personally and officially accountable as construed by the provisions of Article 1, Points 5,6, of the Decree of 11 May 1988 on Special Powers and Rights for the Council of Minister, i.e., liable to recall or suspension from office.

The next paragraph, 7, contributes, on the one hand, to bringing order into investment activity and stimulates, on the other, a rational utilization by enterprises of the monies accumulated in their development funds or, in the case of economic entities that are not state enterprises, funds of a similar nature. This concerns, among others, cooperatives at which, among others, the investment fund is a counterpart of the development fund at enterprises. The logic of the provisions contained in this paragraph may be interpreted in a nutshell as follows: Do not begin new investment projects if you are in trouble with those already commenced.

Legally, this principle is formulated as a prohibition against commencing new investment projects if the already commenced ones are lagging behind schedule. In this connection, the following are considered to be already commenced investment projects:

- as regards construction projects: those already assigned to the prime contractor;
- as regards the acquisition of ready-made investment goods: after the order is placed with the supplier.

The concentration on projects already under way should, as expected, contribute to their on-schedule and faster completion.

It is worth noting that, unlike the provisions of Paragraph 5, which prohibit construction investments alone, the provisions of Paragraph 7 apply to any and all investment projects. The language of the provision concerning delays in completing investment projects may be open to different interpretations; that is, it does not

specify unambiguously the criterion for determining whether the delay does or does not exist. In most cases no precise criterion is needed because the delays are so substantial and evident as to leave no doubts about their interpretation. However, there may arise ambiguous situations, and hence it may be assumed that delays in completing investment projects apply in cases in which it is established that the schedule agreed upon with the prime contractor is not being followed, though without making allowance for the so-called supplements sanctioning successive delays, and in the case of projects implemented with the aid of bank credit, in relation to the schedule specified in the credit agreement.

In view of the special nature of operations of such particular enterprises as the Polish State Railroads and the organizational units of the Polish Post, Telephone, and Telegraph, which carry out concurrently a large number of investment projects, these two enterprises are exempt from the above provision. Furthermore, as in the case of the prohibition against construction investments, Paragraph 7, too, provides for sanctions against enterprises which violate its provisions. In addition to the sanctions specified in Paragraph 6, the violator enterprises will be punished by being deprived of their eligibility for income tax exemption owing to investments. Thus this concerns not all kinds of income tax exemptions but only the exemptions linked to investment activity.

To rationalize spending from the development fund and similar funds, a prohibition against using monies from these funds to finance the modernization and equipping of office buildings also has been introduced, on the premise that such needs are secondary and can be postponed.

Summing up this commentary to the first legal act promulgated on the basis of the special powers granted to the government, this act deals with a number of major issues such as improving the market situation and bringing order into such sensitive matters as prices, wages, and investments.

These regulations do not replace the basic heretofore binding systemic solutions substructured on the directions adopted in the "Implementation Program for the Second Stage of the Economic Reform." They represent a set of ancillary measures that may accelerate certain processes or impede economically dangerous tendencies.

The adoption of provisions of this kind, as contained in the Executive Order, should produce the anticipated effects but may also harbor the risk of negative results. For all regulations of a universal nature are drafted with a thought toward certain typical, average situations. Deviations from these typical situations may result in excessive rewarding or punishment of economic entities, which would be inconsonant with the intentions behind



these regulations. But that is a price worth paying in order to accomplish the purposes of the decree on special powers and rights for the Council of Ministers.

**Rudna Copper Mine Complaints; Solidarity  
Registration Issue**

26000072 Warsaw *WALKA MŁODYCH* in Polish  
No 34, 21 Aug 88 p 5

[Article by Waldemar Koczewski: "About Keeping Promises"]

[Text] For union members of the Rudna Mining Plants in Polkowice, three issues were the most upsetting. The first, that in the opinion of many outside observers, they [union members] really began to work only when the initiative of the struggle for miners' interests in the mine could have been seized by the Organizing Committee from under "Solidarity's" banner. On 29 July of this year, those working in it gathered approximately 200 miners on the Rudna-Zachodnia shaft and read their declaration to them.

Second, according to the mass media, it looked as if this miners' "Solidarity" was made up of Rudna's workers. Third, finally a journalist interpreted a flier incorrectly and it turned out in a local newspaper that the members of the Organizing Committee had formulated an accusation seemingly addressed to the Rudna Mining Plants workers trade union of "a lack of proper concern for the implementation of the proposals made by the mining work forces in the beginning of May of this year."

When in April 1986 a wage agreement had been signed between the Federation of Miners Trade Unions, and the employers (the Copper Mining-Metallurgical Industrial Group, among others) the union members from Rudna protested against certain items in this agreement. They did not question it as a whole. However, they did feel that the three issues had to be unconditionally changed in the interest of the miners.

What they wanted was to revoke the rights of directors to prolong work time if the NPSG [National Socioeconomic Plan] were to be threatened which in the opinion of the Rudna union activists is an attempt against one of the fundamental workers gains. The agreement also sanctioned the employer's or founding agency's right to limit the payment of rewards and bonuses if the funds for wages allocated to mines were to be exceeded. It is also difficult to accept this because the miners are not to blame for the fact that someone somewhere planned their wage fund improperly. In addition, this entry was crossed out in time from the agreement with coal mines that were operating at a deficit whereas it is still in force in copper mines where profits are made.

Finally, they questioned the freezing of social benefits arising from the Miners Charter.

The Rudna union activists' stand on the above mentioned issues was interpreted by the federation activists as an attempt to crush the unity of miners trade unions. They see this differently in Rudna. They feel that miners' union cohesiveness cannot be built by way of the wage system, particularly in a situation where coal and copper miners only have the same basic wage scale in common which today constitutes barely 30 percent of wages. However, they differ in terms of bonuses and the manner of payment for work on free days, etc.

Because the federation and specifically, the representatives of the nonferrous metals sector did not take up the issue, the union activists from Rudna prepared an additional document to the agreement which contained the changes proposed by them. However, no one even wanted to talk to them about this draft plan—neither the federation nor the KGHM [Copper Mining-Metallurgical Industrial Group] management.

In such a situation, Rajmund Moric, head of his federation, was deprived in the fall of 1987 by a resolution of the Board of the Rudna Mining Plant Workers NSZZ of the right to represent the union of the Rudna Mining Plants workers in matters pertaining to a wage agreement. At that time, activists from the federation came in order to convince the workers that the agreement is good and that there is no need to change anything. In the end, however, Rajmund Moric gave the Rudna union members a free hand.

Shortly afterwards, they approached the KGHM management with a proposal to negotiate amendments to the wage agreement jointly. The request was supported with appropriate resolutions by union organizations from some of the neighboring copper mines. Despite this, the plant administration dragged its feet up to the moment when it turned out that the union members were tired of waiting and gave seven days for setting a deadline for negotiations. Otherwise, they would declare a collective dispute.

A date was set immediately. The position of the plant management was totally to the point and conducive to the union proposals. The sides explained to each other most of their apprehensions and the additional document was now suitable for signing. It would be binding only in the Rudna Mining Plants. At that time, the union members were promised that in the spring of 1988, the act regarding plant wage systems would be amended so perhaps they could wait since the amendments were slated to resolve certain issues in general. They agreed.

Meanwhile, the deadline for the amendments was postponed from month to month. The dissatisfaction of the miners because of the unclear wage prospects was increasing and between 3 and 4 May, workers rallies were held in Rudna during which protest with regard to these issues was voiced.

A commission was appointed at that time under the banner of a trade union which presented a list of 11 proposals to the plant management on behalf of the miners. Under pressure of the May strikes, the draft plan of the amendments to the plant wage systems made its way quickly to the Sejm and in mid-June it was ratified.

One of the proposals from Rudna stated that the Miners Charter is to be placed in effect one month following the Sejm decision with regard to the ZSW issue. Therefore, it should have gone into effect in mid-July.

The conclusions derived from the strikes were still being animatedly discussed among the work crews when the Coal Collective announced a consultation with the union members on the subject of a draft plan of wage controls in the mining industry. The idea was to "bury" 6,000 zloty of cover [oslonowy] in basic wages by raising these rates at the expense of so-called fluctuating wage elements or in other words, bonuses. The union members evaluated the draft plan positively and the regulation went into effect. However, it was unfortunate that in talking about it, the expression, "basic wage increases," was used because the miners understood this to mean unequivocally that there will be increases. And when in mid-June the coal miners received their first pay based on the new principles, it turned out that there were no increases and some had lost because of this.

As a result, the until then seemingly calm work force of the Boleslaw Smialy mine in Laziska went on strike.

Following this strike, the news about the wage "fraud" spread with lightning speed through all the mines including the copper mines where the new wages following their regulation were to go into effect no earlier than after the middle of August.

The trade union headquarters at Rudna began to be inundated with questions whether it was true that the same situation would apply here as in the coal mines.

The trade union members together with the mine management reviewed the wage possibilities of Rudna and concluded that in addition to the 6,000 zloty "cover amount" they can also include approximately 4,000 zloty of a true increase in the basic wages. This helped to calm down the work force. However, it provoked protests from the federation. The mine was accused of breaking the wage agreement, of exceeding the scale of regulation, and that such an individual solution may cause the escalation of wage demands in other mining institutions.

It is a fact that a coal miner is not interested in the financial capabilities of Rudna or of the mine in which he works. And it is difficult for him to come to grips with the fact that somewhere the same type of miner as he, is earning more. And Rudna is the best prospering mine in the entire copper mining field providing approximately 42 percent of the industrial group's production. It makes

huge profits and simply has the means for increasing wages, although, they are not paid out lightly. The decision regarding them required thorough analyses and calculations.

What can be done when besides its own miners, Rudna has twice as many miners working in it from several other firms that are helping to enlarge it. And apparently, the financial situation in their plants was not the best because these people were becoming increasingly more concerned about their wages and their future income prospects. Thus, it is from their midst that the aforementioned at the outset Organizing Committee emerged, which on 29 July of this year gathered a group of miners on the western shaft in order to present to them its critical stand toward the "sluggishness and nonimplementation of the wage demands of 3 May by the plant's management and trade unions."

"That's the point," stress the Rudna NSZZ Workers Board, "our sluggishness was not what concerned them but the trade unions in general. The article in the local press that we are not doing anything was very unfair."

However, so that things would not again end up on talk only, on 3 August of this year, the union members invited the vice chairman of the federation, Stefan Piwonski, to the mine and together they prepared a six point document of matters to be handled.

It mentions that as promised by Rajmund Moric during the strike in Laziska, the Miners Charter will go into effect on 1 September at the latest but is to be binding from 1 August; that in a matter of 2 weeks, negotiations with the government concerning adjusting the percent increase of miners wages to coincide with wages in industry will be resumed; and that wage priorities will be resumed which ensure the maintaining of wage ratios in favor of the mining industry as opposed to industry on a scale of 1.7 to 1, i.e., 70 percent above the national industry's mean (without taking into account the mining industry and overtime work).

They also proclaim that if any one of these postulates is not fulfilled by 1 September, the KGHM trade organizations will take up protest action.

And it should be understood that besides activists from Rudna, union activists from other copper mines and plants which are expanding these mines, also worked on the preparation of these postulates.

Such a radical stand was interpreted by some as proof that it took the miners' "Solidarity" action on 29 July of this year for the legal union activists to hit the table with their fist. However, the presented facts demonstrate that they did not sit with folded hands while a fist hung overhead.

The leader of the union at Rudna, Janusz Grott, states that they were not intimidated by anyone. This is simply the way it is at this stage of the union struggle for miners rights—they have to be presented firmly and clearly. And Wieslaw Katny, a union activist, adds: "What we demand is credibility. On 3 May of this year, we gave our word to the people that the Miners Charter would be ready within a month following the legal act that would amend the ZSW. There was time to prepare it and there are a lot of indications that even the 1 September deadline may be postponed. However, we feel that a word given has to be kept."

P.S. On the 11th of this month, negotiations of the representatives of the Federation of Miners Trade

Unions under the leadership of the federation vice chairman, Stefan Piwonski, with a government group under the leadership of Deputy Minister of Industry Andrzej Wroblewski were concluded. The topic of the deliberations was the draft plan of the Council of ministers decree with regard to the issue of adapting the rules of the law on the principles of creating plant wage systems to the specificity of enterprises of the mining industry including the Miners Charter.

The preliminary draft plan of the decree was agreed upon and after consultation with trade union organizations, it will be presented this month to the Council of Ministers for review.



## HUNGARY

### Separate Welfare Budget as of 1989; Competitive Policy Introduced

25000258a Budapest MAGYAR HIRLAP in Hungarian  
24 Aug 88 p 1

[Interview with Sandor Fekete, deputy head of the Main Directorate for Social Insurance, by Erzsebet Eller: "Enterprising Social Insurance. Starting in January, Separate From the State Budget"]

[Text] Starting 1 January 1989, social insurance will become separate from the state budget. While presently there is no relationship whatsoever between its earnings and outlays, in the future it will operate as a true insurance venture, i.e., by undertaking some risks. But will our social insurance system be able alone to solve such acute problems facing it as the preservation of the value of pensions? We went to ask Sandor Fekete, deputy head of the Main Directorate for Social Insurance, to tell us about some of their plans.

[Question] Today's social insurance system is "insurance" only in name, for in actual practice the rules of insurance have never been applied here. Do you agree with this assertion?

[Answer] Yes, I do. Our social insurance system is not a business, but an implementor of state decisions, functioning in accordance with rules laid down by the state. All of its revenues are turned over to the state, which in turn allots the funds it needs to operate. There is a lack of individual incentive.

[Question] Pensioners are demanding action to preserve the value of their entitlements. Parents are calling for more acceptable family allowances. All they are asking for is what the state had promised them decades ago.

[Answer] The growing number of claims submitted for payment by our recipients have been placing an increasing burden on our social insurance system. Although people may—justly or not—think that the present social insurance system does not provide adequate services, they do not seem to realize that even maintaining the current levels will require immense efforts. It is not the social insurance system which is primarily to blame for this state of affairs, but our changed economic circumstances.

[Question] The balance of our social insurance revenues and outlays is merely a computed figure since we do not actually have any earnings to speak of, and since the institution's expenses are financed by the state. Still, how much would you say we have paid into, and how much have we gotten back from the state treasury under this system?

[Answer] For decades, our social insurance revenues had been smaller than our outlays; the difference, of course, was picked up by the state. In the early 1980's, however, this was turned around, and owing to an increase year after year since then in the size of social insurance contributions, between 1984-1987, the equilibrium actually became positive. Even last year ended with a positive balance. This year, however, price supports for medicines and pharmaceutical instruments have also been charged to social insurance; this alone has amounted to nearly 1.5 billion forints, returning our balance into the red with a single stroke. According to the data so far, the deficit will be even greater than had been anticipated.

[Question] One of the important issues currently under consideration as part of a budgetary reform is the separation of our social insurance system and its proposed operation as an independent financial entity. When will this begin to take place, and in what stages can it be implemented?

[Answer] Social insurance will be removed from the state budget starting 1 January 1989, which means that the only thing remaining there will be the balance of earnings and expenditures. Next year, and probably for a long time thereafter, we will continue to need support. The conditions of operating on the basis of insurance principles can only be established gradually, thus our social insurance system will not become a "genuine" insurer until the early 1990s. According to the plans, starting next January, we will be receiving—so far only requesting—certain types of business licenses which naturally will place certain responsibilities on us. We will have new incentives to influence and rationalize our expenditures. We intend, for example, to become gradually involved in the financing of health maintenance programs, because these investments will be returned in other areas of our social insurance costs.

Operating as an independent venture requires both risk reserves and cumulative risk reserves. The former fund would lend the social insurance system continuous solvency, and would cover any shortfalls created by uncollected revenues and unscheduled expenses that might arise from unforeseeable processes; the latter, on the other hand, would help our social insurance system to build up its own financial reserves. This would enable the system to overcome crisis situations and provide full benefits on its own volition. Because of the current economic situation, "filling up" the necessary monetary reserves from state subsidies and earnings from member contributions can only be partially realized. Even under such conditions, however, their establishment would be justified, as they would enable the new system to start operating. It naturally follows then, that in the future also there can be no social insurance without state subsidies and state guarantees.

### The Upper Limit

[Question] So what you are saying is that even after it becomes independent, our social insurance system will

be unable alone to solve such acute problems as preserving the value of pensions, for example? Or will this not even be one of its tasks?

[Answer] It is an illusion, in my opinion, to think that our revenues will provide us with sufficient resources to solve our problems. Financially, benefits secured by insurance premiums will be handled separately from state-guaranteed entitlement. These latter will remain state-funded. Income-level based provisions such as retirement pensions, disability benefits, pharmaceutical subsidies, and in the future certain health care services as well, will have to be covered from the social insurance premiums collected. The average amount and value of pensions will not change as a result of this realignment. We should, however, start thinking about what level we are prepared to guarantee as a minimum. Clearly it must be a level that is sufficiently high for the recipient to be able to live on. At the same time it would also be expedient to set an upper limit above which no basic provision recipient will be entitled to more. This will enable the social insurance system to provide greater social security, and it will keep expenses within reasonable limits.

What about those for whom the ceiling is not high enough? They will be able to take advantage of other types of insurance. The selection of options is expected to broaden, but some are already available, including advance retirement savings and the "annual cycle" pension insurance. The plans call for the reclassification of several fixed-sum benefits such as family allowances and child care assistance as civic entitlement; not included among these will be any child care premiums, as they will be paid under the disability benefit system and according to wage levels. These entitlement will continue to be paid through our social insurance claims offices, but will be covered from separate funds, allocated to us from the state budget.

[Question] Today there is a special employment fund from which the State Wage and Labor Office can assist people seeking employment. Are there any plans to incorporate unemployment benefits into our social insurance system?

[Answer] There probably are, but presently we are still lacking the necessary revenues to make this a reality. It is conceivable that we will set aside a part of the employers' social insurance contributions to be used for paying out unemployment benefits. It is only an idea, but another interesting possibility would be to use the social insurance contributions we receive after earnings from second and third jobs and auxiliary activities for covering those payments. This could be justified by the fact that while some workers are unable to find work even within the legally prescribed working hours, others are working at several places, for as many as 10-12 hours a day.

[Question] Currently our economic organizations are not paying equally into the social insurance system. What about next year?

[Answer] State enterprises and cooperatives are paying 40 percent, budgetary organizations 10 percent and limited profit making organizations, such as our public service enterprises, are contributing 30 percent. Starting next year, the introduction of the partnership law and the business tax will require "sector-neutral" social insurance contributions, proposed to be set at 40 percent. This amount will give the system enough impetus to start operating. Let me, however, call your attention to one difference between our budgetary reform and our efforts to modernize our social insurance system. While the state would like to lessen the centralization of its revenues and financial obligations the expenditures of the social insurance system—although to some extent subject to our influence—must be accepted as a fact of life. After all pensions and disability benefits must be paid, and they must be paid in the amount people are entitled to. What we need to do is to generate enough revenues to cover our expenses.

#### Own Self-Management

[Question] If we are to have an independent social insurance system, you should be able to decide yourselves what the amount of contributions should be, how the conditions for receiving disability benefits should be redefined, etc. To put it more simply, you should have self-management rights, your own little parliament.

[Answer] The conditions and size of social insurance provisions and the amount of contributions will continue to be determined by laws, government decisions and statutory provisions. Self-management, however, should be given a genuine role in establishing the necessary conditions. Our existing self-management body, the National Social Insurance Council is made up of representatives of the trade unions, social and corporate organizations and state agencies. Its decision making powers, however, are merely formal or limited at best, extending essentially to nothing more than the allocation of equity provisions. The only thing they can do is exercise their right to make comments and recommendations before important socio-political and social-insurance related decisions are rendered. There is no question that this should be changed, and that in order for the system to operate on the basis of social insurance principles we must have self-management with genuine powers and responsibilities, made up of non other than representatives of the insured, the contributors themselves. When and in what form this will materialize I still do not know. I also think that we need to be more responsible in working with Parliament, i.e., that we must inform them directly about the work we are doing, and solicit their support for the—in the future continuous—modernization of our social insurance system.



**Decree Relaxes Medical Treatment Abroad**  
*25000258b Budapest MAGYAR HIRLAP in Hungarian*  
24 Aug 88 p 5

[Article by -marvanyi-: "Medical Treatment for Hungarians Abroad. Both Doctor and Patient May Request It"]

[Text] The decree regulating medical treatment for Hungarians abroad was imperfect at the moment of its inception 6 years ago. The elimination of these shortcomings which have been known to both experts and patients needing treatment is the aim of a new ministerial order, scheduled to go into effect on 1 September.

As we heard at yesterday's press conference given by the Ministry of Social Welfare and Health, some 300-400 patients a year request medical treatment outside our borders. Generally only about 150-200 of these petitioners are found eligible to seek special types of operation abroad which owing to a lack of the necessary technical conditions cannot be performed here at home.

As Deputy Minister Dr Mihaly Kokeny explained, the new order will make it possible for any Hungarian citizen or his treating physician to request treatment abroad. The request will be evaluated by a special panel made up of members of the national institute responsible for the given specialized medical field. Treatment abroad is considered justified if the prospects of curing the illness there are more promising than they would be at home. Unlike in the past, rejection of one's claim may be appealed by requesting the Health Scientific Council to review the case.

Taking care of the organizational details of the patient's travel abroad is the task of the National Main Directorate for Spas and Curative Baths. Actually, the procedure is rather simple if the request for treatment abroad falls under the provisions of any of the health care agreements we have with the socialist countries, in other words, if the operation is free of charge. Similarly easy to process are cases where the patient's family agrees to cover the

costs. If they cannot pay, however, the new decree will not cover all costs. For in such cases the money needed for the medical treatment will be paid from a separate account set aside for this purpose by the National Main Directorate for Social Insurance. This account, however, contains only a modest sum—3 million for the remaining months of the year—and even that in forints, the conversion of which to foreign exchange is decided by the Hungarian National Bank on a case by case basis. So it is conceivable that in deciding whether or not medical treatment abroad is justified the physician's judgement will not be the only decisive factor; the financial possibilities will also be taken into account.

To build up the reserves set aside for covering the costs of medical treatment abroad, the Main Directorate for Social insurance will open a special account—number 232-90202-0141—into which private persons as well as public agencies are allowed to make deposits. These contributions will be considered "obligations undertaken in the public interest," and as such will be considered exempt from taxes.

Starting 1 September, therefore, the local district physician of any Hungarian citizen will be able to initiate a request for his patient to receive medical treatment abroad, and if his medical feels that it is warranted, so can the patient himself. The amount of hard currency our country is able to expend for this purpose, however, cannot be infinitely increased. Already the Hungarian National Bank is paying out far more for medical treatment abroad than what would normally be required to cover the cost of justified operations and placements in sanatoriums. The reason is that Hungarian tourists who because of an accident or sudden illness have been forced to undergo treatment abroad, have incurred hospital treatment and physician's charges that must subsequently be paid. The only source from which these people can obtain foreign exchange for their forints to pay for the treatment is the Hungarian National Bank, so these kinds of hard currency expenses also reduce the amount of funds available for tourist allowances and for covering the cost of justifiable medical treatments.



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